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VI.

DISSERTATIONS

ON GOVERNMENT; THE AFFAIRS OF THE BANK; AND PAPER MONEY.

PREFACE.

I HERE present the public with a new performance. Some parts of it are more particularly adapted to the state of Pennsylvania, on the present state of its affairs: but there are others which are on a larger scale. The time bestowed on this work has not been long, the whole of it being written and printed during the short recess of the assembly.¹

As to parties, merely considered as such, I am attached to no particular one. There are such things as right and wrong in the world, and so far as these are parties against each other, the signature of *Common Sense* is properly employed.

THOMAS PAINE.

PHILADELPHIA,

Feb. 18, 1786.

DISSERTATIONS ON GOVERNMENT, ETC.

EVERY government, let its form be what it may, contains within itself a principle common to all, which is, that of a sovereign power, or a power over which there is no control, and which controls all others: and as it is impossible to construct a form of government in which this power does not exist, so there must of necessity be a place, if it may be so called, for it to exist in.

In despotic monarchies this power is lodged in a single person, or sovereign. His will is law; which he declares, alters or revokes as he pleases, without being accountable to any power for so doing. Therefore, the only modes of redress, in countries so governed, are by petition or insurrection. And this is the reason we so frequently hear of insurrections in despotic governments; for as there are but two modes of redress, this is one of them.

Perhaps it may be said that as the united resistance of the people is able, by force, to control the will of the sovereign, that therefore, the controlling power lodges in them; but it must be understood that I am speaking of such powers only as are constituent parts of the government, not of those powers which are externally applied to resist and overturn it.

In republics, such as those established in America, the sovereign power, or the power over which there is no control, and which controls all others, remains where nature placed it—in the people; for the people in America are the fountain of power. It remains there as a matter of right, recognized in the constitutions of the country, and the exercise of it is constitutional and legal. This sovereignty is exercised in electing and deputing a certain number of persons to represent and act for the whole, and who,

if they do not act right, may be displaced by the same power that placed them there, and others elected and deputed in their stead, and the wrong measures of former representatives corrected and brought right by this means. Therefore the republican form and principle leaves no room for insurrection, because it provides and establishes a rightful means in its stead.

In countries under a despotic form of government, the exercise of this power is an assumption of sovereignty; a wresting it from the person in whose hand their form of government has placed it, and the exercise of it is there styled rebellion. Therefore the despotic form of government knows no intermediate space between being slaves and being rebels.

I shall in this place offer an observation which, though not immediately connected with my subject, is very naturally deduced from it, which is that the nature, if I may so call it, of a government over any people, may be ascertained from the modes which the people pursue to obtain redress of grievances; for like causes will produce like effects. And therefore the government which Britain attempted to erect over America could be no other than a despotism, because it left to the Americans no other modes of redress than those which are left to people under despotic governments, petition and resistance: and the Americans, without ever attending to a comparison on the case, went into the same steps which such people go into, because no other could be pursued: and this similarity of effects leads up to, and ascertains the similarity of the causes or governments which produced them.

But to return. The repository where the sovereign power is placed is the first criterion of distinction between a country under a despotic form of government and a free country. In a country under a despotic government, the sovereign is the only free man in it. In a republic, the people, retaining the sovereignty themselves, naturally and necessarily retain their freedom with it: for wherever the sovereignty is, there must the freedom be.

As the repository where the sovereign power is lodged is the first criterion of distinction, so the second is the principles on which it is administered.

A despotic government knows no principle but *will*.—Whatever the sovereign wills to do, the government admits him the inherent right, and the uncontrolled power of doing. He is restrained by no fixed rule of right and wrong, for he makes the right and wrong himself, and as he pleases. If he happens (for a miracle may happen) to be a man of consummate wisdom, justice and moderation, of a mild affectionate disposition, disposed to business, and understanding and promoting the general good, all the beneficial purposes of government will be answered under his administration, and the people so governed, may, while this is the case, be prosperous and easy. But as there can be no security that this disposition will last, and this administration continue, and still less security that his successor shall have the same qualities and

pursue the same measures; therefore no people exercising their reason, and understanding their rights, would, of their own choice, invest any one man with such a power.

Neither is it consistent to suppose the knowledge of any one man competent to the exercise of such a power. A sovereign of this sort, is brought up in such a distant line of life; lives so remote from the people, and from a knowledge of everything which relates to their local situations and interests, that he can know nothing from experience and observation, and all which he does know he must be told. Sovereign power without sovereign knowledge, that is, a full knowledge of all the matters over which that power is to be exercised, is a something which contradicts itself.

There is a species of sovereign power in a single person, which is very proper when applied to a commander-in-chief over an army, so far as relates to the military government of an army, and the condition and purpose of an army constitute the reason why it is so. In an army every man is of the same profession, that is, he is a soldier, and the commander-in-chief is a soldier too: therefore the knowledge necessary to the exercise of the power is within himself. By understanding what a soldier is, he comprehends the local situation, interest and duty of every man within what may be called the dominion of his command; and, therefore, the condition and circumstances of an army make a fitness for the exercise of the power.

The purpose, likewise, or object of an army, is another reason: for this power in a commander-in-chief, though exercised over the army, is not exercised against it; but is exercised through or over the army against the enemy. Therefore the enemy, and not the people, is the object it is directed to. Neither is it exercised over an army for the purpose of raising a revenue from it, but to promote its combined interest, condense its powers, and give it capacity for action.

But all these reasons cease when sovereign power is transferred from the commander of an army to the commander of a nation, and entirely loses its fitness when applied to govern subjects following occupations, as it governs soldiers following arms. A nation is quite another element, and every thing in it differs not only from each other, but all of them differ from those of an army. A nation is composed of distinct, unconnected individuals, following various trades, employments and pursuits: continually meeting, crossing, uniting, opposing and separating from each other, as accident, interest and circumstance shall direct. An army has but one occupation and but one interest.

Another very material matter in which an army and a nation differ, is that of temper. An army may be said to have but one temper; for however the *natural* temper of the persons composing the army may differ from each other, there is a second temper takes place of the first: a temper formed by discipline, mutuality of habits, union of objects and pursuits, and the style of military manners: but this can never be the case among all the individuals of a nation. Therefore the fitness, arising from those

circumstances, which disposes an army to the command of a single person, and the fitness of a single person for that command, is not to be found either in one or the other, when we come to consider them as a sovereign and a nation.

Having already shown what a despotic government is, and how it is administered, I now come to show what the administration of a republic is.

The administration of a republic is supposed to be directed by certain fundamental principles of right and justice, from which there cannot, because there ought not to be any deviation; and whenever any deviation appears, there is a kind of stepping out of the republican principle, and an approach towards the despotic one. This administration is executed by a select number of persons, periodically chosen by the people, who act as representatives and in behalf of the whole, and who are supposed to enact the same laws, and pursue the same line of administration, as the people would do were they all assembled together.

The *public good* is to be their object. It is therefore necessary to understand what public good is.

Public good is not a term opposed to the good of individuals; on the contrary, it is the good of every individual collected. It is the good of all, because it is the good of every one: for as the public body is every individual collected, so the public good is the collected good of those individuals.

The foundation-principle of public good is justice, and wherever justice is impartially administered the public good is promoted; for as it is to the good of every man that no injustice be done to him, so likewise it is to his good that the principle which secures him should not be violated in the person of another, because such a violation weakens *his* security, and leaves to chance what ought to be to him a rock to stand on.

But in order to understand more minutely, how the public good is to be promoted, and the manner in which the representatives are to act to promote it, we must have recourse to the original or first principles, on which the people formed themselves into a republic.

When a people agree to form themselves into a republic (for the word *republic* means the *public good*, or the good of the whole, in contradistinction to the despotic form, which makes the good of the sovereign, or of one man, the only object of the government), when I say, they agree to do this, it is to be understood, that they mutually resolve and pledge themselves to each other, rich and poor alike, to support and maintain this rule of equal justice among them. They therefore renounce not only the despotic form, but the despotic principle, as well of governing as of being governed by mere will and power, and substitute in its place a government of justice.

By this mutual compact, the citizens of a republic put it out of their power, that is, they renounce, as detestable, the power of exercising, at any future time, any species of despotism over each other, or doing a thing not right in itself, because a majority of them may have strength of numbers sufficient to accomplish it.

In this pledge and compact* lies the foundation of the republic: and the security to the rich and the consolation to the poor is, that what each man has is his own; that no despotic sovereign can take it from him, and that the common cementing principle which holds all the parts of a republic together, secures him likewise from the despotism of numbers: for despotism may be more effectually acted by many over a few, than by one man over all.

Therefore, in order to know how far the power of an assembly, or a house of representatives can act in administering the affairs of a republic, we must examine how far the power of the people extends under the original compact they have made with each other; for the power of the representatives is in many cases less, but never can be greater than that of the people represented; and whatever the people in their mutual original compact have renounced the power of doing towards, or acting over each other, the representatives cannot assume the power to do, because, as I have already said, the power of the representatives cannot be greater than that of the people they represent.

In this place it naturally presents itself that the people in their original compact of equal justice or first principles of a republic, renounced, as despotic, detestable and unjust, the assuming a right of breaking and violating their engagements, contracts and compacts with, or defrauding, imposing or tyrannizing over each other, and therefore the representatives cannot make an act to do it for them, and any such kind of act would be an attempt to depose not the personal sovereign, but the sovereign principle of the republic, and to introduce despotism in its stead.

It may in this place be proper to distinguish between that species of sovereignty which is claimed and exercised by despotic monarchs, and that sovereignty which the citizens of a republic inherit and retain. The sovereignty of a despotic monarch assumes the power of making wrong right, or right wrong, as he pleases or as it suits him. The sovereignty in a republic is exercised to keep right and wrong in their proper and distinct places, and never suffer the one to usurp the place of the other. A republic, properly understood, is a sovereignty of justice, in contradistinction to a sovereignty of will.

Our experience in republicanism is yet so slender, that it is much to be doubted, whether all our public laws and acts are consistent with, or can be justified on, the principles of a republican government.

We have been so much habited to act in committees at the commencement of the

dispute, and during the interregnum of government, and in many cases since, and to adopt expedients warranted by necessity, and to permit to ourselves a discretionary use of power, suited to the spur and exigency of the moment, that a man transferred from a committee to a seat in the legislature, imperceptibly takes with him the ideas and habits he has been accustomed to, and continues to think like a committee-man instead of a legislator, and to govern by the spirit rather than by the rule of the constitution and the principles of the republic.

Having already stated that the power of the representatives can never exceed the power of the people whom they represent, I now proceed to examine more particularly, what the power of the representatives is.

It is, in the first place, the power of acting as legislators in making laws—and in the second place, the power of acting in certain cases, as agents or negotiators for the commonwealth, for such purposes as the circumstances of the commonwealth require.

A very strange confusion of ideas, dangerous to the credit, stability, and the good and honor of the commonwealth, has arisen, by confounding those two distinct powers and things together, and blending every act of the assembly, of whatever kind it may be, under one general name, of *Laws of the Commonwealth*, and thereby creating an opinion (which is truly of the despotic kind) that every succeeding assembly has an equal power over every transaction, as well as law, done by a former assembly.

All laws are acts, but all acts are not laws. Many of the acts of the assembly are acts of agency or negotiation, that is they are acts of contract and agreement, on the part of the state, with certain persons therein mentioned, and for certain purposes therein recited. An act of this kind, after it has passed the house, is of the nature of a deed or contract, signed, sealed and delivered; and subject to the same general laws and principles of justice as all other deeds and contracts are: for in a transaction of this kind, the state stands as an individual, and can be known in no other character in a court of justice.

By “*laws*,” as distinct from the agency transactions, or matters of negotiation, are to be comprehended all those public acts of the assembly or commonwealth, which have a universal operation, or apply themselves to every individual of the commonwealth. Of this kind are the laws for the distribution and administration of justice, for the preservation of the peace, for the security of property, for raising the necessary revenue by just proportions, &c.

Acts of this kind are properly *laws*, and they may be altered, amended and repealed, or others substituted in their places, as experience shall direct, for the better effecting the purpose for which they were intended: and the right and power of the assembly to do this is derived from the right and power which the people, were they all assembled together, instead of being represented, would have to do the same thing: because, in

acts or laws of this kind, there is no other party than the public. The law, or the alteration, or the repeal, is for themselves;—and whatever the effects may be, it falls on themselves;—if for the better, they have the benefit of it—if for the worse, they suffer the inconvenience. No violence to any one is here offered—no breach of faith is here committed. It is therefore one of those rights and powers which is within the sense, meaning and limits of the original compact of justice which they formed with each other as the foundation-principle of the republic, and being one of those rights and powers, it devolves on their representatives by delegation.

As it is not my intention (neither is it within the limits assigned to this work) to define every species of what may be called *laws* (but rather to distinguish that part in which the representatives act as agents or negotiators for the state from the legislative part,) I shall pass on to distinguish and describe those acts of the assembly which are acts of agency or negotiation, and to show that as they are different in their nature, construction and operation, from legislative acts, so likewise the power and authority of the assembly over them, after they are passed, is different.

It must occur to every person on the first reflection, that the affairs and circumstances of a commonwealth require other business to be done besides that of making laws, and, consequently, that the different kinds of business cannot all be classed under one name, or be subject to one and the same rule of treatment.—But to proceed—

By agency transactions, or matters of negotiation, done by the assembly, are to be comprehended all that kind of public business, which the assembly, as representatives of the republic, transact in its behalf, with a certain person or persons, or part or parts of the republic, for purposes mentioned in the act, and which the assembly confirm and ratify on the part of the commonwealth, by affixing to it the seal of the state.

An act of this kind, differs from a law of the before-mentioned kind; because here are two parties and there but one, and the parties are bound to perform different and distinct parts: whereas, in the before-mentioned law, every man's part was the same.

These acts, therefore, though numbered among the laws, are evidently distinct therefrom, and are not of the legislative kind. The former are laws for the government of the commonwealth; these are transactions of business, such as, selling and conveying an estate belonging to the public, or buying one; acts for borrowing money, and fixing with the lender the terms and modes of payment; acts of agreement and contract, with a certain person or persons, for certain purposes: and, in short, every act in which two parties, the state being one, are particularly mentioned or described, and in which the form and nature of a bargain or contract is comprehended.—These, if for custom and uniformity sake we call them by the name of *laws*, are not laws for the government of the commonwealth, but for the government of the contracting parties, as all deeds and contracts are; and are not, properly speaking, acts of the assembly, but joint acts, or acts of the assembly in behalf of the commonwealth on one part, and

certain persons therein mentioned on the other part.

Acts of this kind are distinguishable into two classes:—

1st, Those wherein the matters inserted in the act have already been settled and adjusted between the state on one part, and the persons therein mentioned on the other part. In this case the act is the completion and ratification of the contract or matters therein recited. It is in fact a deed signed, sealed and delivered.

2d, Those acts wherein the matters have not been already agreed upon, and wherein the act only holds forth certain propositions and terms to be accepted of and acceded to.

I shall give an instance of each of those acts. First, the state wants the loan of a sum of money—certain persons make an offer to government to lend that sum, and send in their proposals: the government accept these proposals, and all the matters of the loan and the payment are agreed on; and an act is passed according to the usual form of passing acts, ratifying and confirming this agreement. This act is final.

In the second case,—the state, as in the preceding one, wants a loan of money—the assembly passes an act holding forth the terms on which it will borrow and pay: this act has no force until the propositions and terms are accepted of and acceded to by some person or persons, and when those terms are accepted of and complied with, the act is binding on the state.—But if at the meeting of the next assembly, or any other, the whole sum intended to be borrowed, should not be borrowed, that assembly may stop where they are, and discontinue proceeding with the loan, or make new propositions and terms for the remainder; but so far as the subscriptions have been filled up, and the terms complied with, it is, as in the first case, a signed deed: and in the same manner are all acts, let the matters in them be what they may, wherein, as I have before mentioned, the state on one part, and certain individuals on the other part, are parties in the act.

If the state should become a bankrupt, the creditors, as in all cases of bankruptcy, will be sufferers; they will have but a dividend for the whole: but this is not a dissolution of the contract, but an accommodation of it, arising from necessity. And so in all cases of this kind, if an inability takes place on either side, the contract cannot be performed, and some accommodation must be gone into, or the matter falls through of itself.

It may likewise, though it ought not to, happen that in performing the matters, agreeably to the terms of the act, inconveniences, unforeseen at the time of making the act, may arise to either or both parties: in this case, those inconveniences may be removed by the mutual consent and agreement of the parties, and each finds its benefit in so doing: for in a republic it is the harmony of its parts that constitutes their several and mutual good.

But the acts themselves are legally binding, as much as if they had been made between two private individuals. The greatness of one party cannot give it a superiority or advantage over the other. The state, or its representatives, the assembly, has no more power over an act of this kind, after it has passed, than if the state was a private person. It is the glory of a republic to have it so, because it secures the individual from becoming the prey of power, and prevents *might* from overcoming *right*.

If any difference or dispute arise afterwards between the state and the individuals with whom the agreement is made respecting the contract, or the meaning, or extent of any of the matters contained in the act, which may affect the property or interest of either, such difference or dispute must be judged of, and decided upon, by the laws of the land, in a court of justice and trial by jury; that is, by the laws of the land already in being at the time such act and contract was made.—No law made afterwards can apply to the case, either directly, or by construction or implication: for such a law would be a retrospective law, or a law made after the fact, and cannot even be produced in court as applying to the case before it for judgment.

That this is justice, that it is the true principle of republican government, no man will be so hardy as to deny.—If, therefore, a lawful contract or agreement, sealed and ratified, cannot be affected or altered by any act made afterwards, how much more inconsistent and irrational, despotic and unjust would it be, to think of making an act with the professed intention of breaking up a contract already signed and sealed.

That it is possible an assembly, in the heat and indiscretion of party, and meditating on power rather than on the principle by which all power in a republican government is governed, that of equal justice, may fall into the error of passing such an act, is admitted;—but it would be an actless act, an act that goes for nothing, an act which the courts of justice, and the established laws of the land, could know nothing of.

Because such an act would be an act of one party only, not only without, but against the consent of the other; and, therefore, cannot be produced to affect a contract made between the two.—That the violation of a contract should be set up as a justification to the violator, would be the same thing as to say, that a man by breaking his promise is freed from the obligation of it, or that by transgressing the laws, he exempts himself from the punishment of them.

Besides the constitutional and legal reasons why an assembly cannot, of its own act and authority, undo or make void a contract made between the state (by a former assembly) and certain individuals, may be added what may be called the natural reasons, or those reasons which the plain rules of common sense point out to every man. Among which are the following:

The principals, or real parties in the contract, are the state and the persons contracted with. The assembly is not a party, but an agent in behalf of the state, authorised and

empowered to transact its affairs.

Therefore it is the state that is bound on one part and certain individuals on the other part, and the performance of the contract, according to the conditions of it, devolves on succeeding assemblies, not as principals, but as agents.

Therefore, for the next or any other assembly to undertake to dissolve the state from its obligation is an assumption of power of a novel and extraordinary kind.—It is the servant attempting to free his master.

The election of new assemblies following each other makes no difference in the nature of the thing. The state is still the same state. The public is still the same body. These do not annually expire though the time of an assembly does. These are not new-created every year, nor can they be displaced from their original standing; but are a perpetual, permanent body, always in being and still the same.

But if we adopt the vague, inconsistent idea that every new assembly has a full and complete authority over every act done by the state in a former assembly, and confound together laws, contracts, and every species of public business, it will lead us into a wilderness of endless confusion and insurmountable difficulties. It would be declaring an assembly despotic for the time being.—Instead of a government of established principles administered by established rules, the authority of government by being strained so high, would, by the same rule, be reduced proportionably as low, and would be no other than that of a committee of the state, acting with discretionary powers for one year. Every new election would be a new revolution, or it would suppose the public of the former year dead and a new public in its place.

Having now endeavoured to fix a precise idea to, and distinguish between legislative acts and acts of negotiation and agency, I shall proceed to apply this distinction to the case now in dispute, respecting the charter of the bank.

The charter of the bank, or what is the same thing, the act for incorporating it, is to all intents and purposes an act of negotiation and contract, entered into, and confirmed between the state on one part, and certain persons mentioned therein on the other part. The purpose for which the act was done on the part of the state is therein recited, *viz.* the support which the finances of the country would derive therefrom. The incorporating clause is the condition or obligation on the part of the state; and the obligation on the part of the bank, is “that nothing contained in that act shall be construed to authorise the said corporation to exercise any powers in this state repugnant to the laws or constitution thereof.”

Here are all the marks and evidences of a contract. The parties—the purport—and the reciprocal obligations.

That this is a contract, or a joint act, is evident from its being in the power of either of the parties to have forbidden or prevented its being done. The state could not force the stockholders of the bank to be a corporation, and therefore as their consent was necessary to the making the act, their dissent would have prevented its being made; so on the other hand, as the bank could not force the state to incorporate them, the consent or dissent of the state would have had the same effect to do, or to prevent its being done; and as neither of the parties could make the act alone, for the same reason can neither of them dissolve it alone: but this is not the case with a law or act of legislation, and therefore the difference proves it to be an act of a different kind.

The bank may forfeit the charter by delinquency, but the delinquency must be proved and established by a legal process in a court of justice and trial by jury; for the state, or the assembly, is not to be a judge in its own case, but must come to the laws of the land for judgment; for that which is law for the individual, is likewise law for the state.

Before I enter further into this affair, I shall go back to the circumstances of the country, and the condition the government was in, for some time before, as well as at the time it entered into this engagement with the bank, and this act of incorporation was passed: for the government of this state, and I suppose the same of the rest, were then in want of two of the most essential matters which governments could be destitute of—money and credit.

In looking back to those times, and bringing forward some of the circumstances attending them, I feel myself entering on unpleasant and disagreeable ground; because some of the matters which the attacks on the bank now make it necessary to state, in order to bring the affair fully before the public, will not add honour to those who have promoted that measure and carried it through the late house of assembly; and for whom, though my own judgment and opinion on the case oblige me to differ from, I retain my esteem, and the social remembrance of times past. But, I trust, those gentlemen will do me the justice to recollect my exceeding earnestness with them, last spring, when the attack on the bank first broke out; for it clearly appeared to me one of those overheated measures, which, neither the country at large, nor their own constituents, would justify them in, when it came to be fully understood; for however high a party measure may be carried in an assembly, the people out of doors are all the while following their several occupations and employments, minding their farms and their business, and take their own time and leisure to judge of public measures; the consequence of which is, that they often judge in a cooler spirit than their representatives act in.

It may be easily recollected that the present bank was preceded by, and rose out of a former one, called the Pennsylvania bank which began a few months before; the occasion of which I shall briefly state.

In the spring of 1780, the Pennsylvania assembly was composed of many of the same

members, and nearly all of the same connexion, which composed the late house that began the attack on the bank. I served as clerk of the assembly of 1780, which station I resigned at the end of the year, and accompanied a much lamented friend, the late colonel John Laurens, on an embassy to France.

The spring of 1780 was marked with an accumulation of misfortunes. The reliance placed on the defence of Charleston failed, and exceedingly lowered or depressed the spirits of the country. The measures of government, from the want of money, means and credit, dragged on like a heavy loaded carriage without wheels, and were nearly got to what a countryman would understand by a dead pull.

The assembly of that year met, by adjournment, at an unusual time, the 10th of May, and what particularly added to the affliction, was, that so many of the members, instead of spiring up their constituents to the most nervous exertions, came to the assembly furnished with petitions to be exempt from paying taxes. How the public measures were to be carried on, the country defended, and the army recruited, clothed, fed, and paid, when the only resource, and that not half sufficient, that of taxes, should be relaxed to almost nothing, was a matter too gloomy to look at. A language very different from that of petitions ought at this time to have been the language of every one. A declaration to have stood forth with their lives and fortunes, and a reprobation of every thought of partial indulgence would have sounded much better than petitions.

While the assembly was sitting, a letter from the commander-in-chief was received by the executive council and transmitted to the house. The doors were shut, and it fell officially to me to read.

In this letter the naked truth of things was unfolded. Among other informations, the general said, that notwithstanding his confidence in the attachment of the army to the cause of the country, the distress of it, from the want of every necessary which men could be destitute of, had arisen to such a pitch, that the appearances of mutiny and discontent were so strongly marked on the countenance of the army, that he dreaded the event of every hour.

When the letter was read, I observed a despairing silence in the house. Nobody spoke for a considerable time. At length a member, of whose fortitude to withstand misfortunes I had a high opinion, rose: "If," said he, "the account in that letter is a true state of things, and we are in the situation there represented, it appears to me in vain to contend the matter any longer. We may as well give up at first as at last."

The gentleman who spoke next, was (to the best of my recollection) a member of Bucks county, who, in a cheerful note, endeavored to dissipate the gloom of the house—"Well, well," said he, "don't let the house despair, if things are not so well as we wish, we must endeavour to make them better." And on a motion for adjournment, the conversation went no further.

There was now no time to lose, and something absolutely necessary to be done, which was not within the immediate power of the house to do; for what with the depreciation of the currency, and slow operation of taxes, and the petitions to be exempted therefrom, the treasury was moneyless, and the government creditless.

If the assembly could not give the assistance which the necessity of the case immediately required, it was very proper the matter should be known by those who either could or would endeavor to do it. To conceal the information within the house, and not provide the relief which that information required, was making no use of the knowledge, and endangering the public cause. The only thing that now remained, and was capable of reaching the case, was private credit, and the voluntary aid of individuals; and under this impression, on my return from the house, I drew out the salary due to me as clerk, enclosed five hundred dollars to a gentleman in this city, in part of the whole, and wrote fully to him on the subject of our affairs.

The gentleman to whom this letter was addressed is Mr. Blair M'Clenaghan. I mentioned to him, that notwithstanding the current opinion that the enemy were beaten from before Charleston, there were too many reasons to believe the place was then taken and in the hands of the enemy: the consequence of which would be, that a great part of the British force would return, and join at New-York. That our own army required to be augmented, ten thousand men, to be able to stand against the combined force of the enemy. I informed Mr. M'Clenaghan of general Washington's letter, the extreme distresses he was surrounded with, and the absolute occasion there was for the citizens to exert themselves at this time, which there was no doubt they would do, if the necessity was made known to them; for that the ability of government was exhausted. I requested Mr. M'Clenaghan to propose a voluntary subscription among his friends, and added, that I had enclosed five hundred dollars as my mite thereto, and that I would increase it as far as the last ability would enable me to go.*

The next day Mr. M'Clenaghan informed me that he had communicated the contents of the letter at a meeting of gentlemen at the coffee-house, and that a subscription was immediately began; that Mr. Robert Morris and himself had subscribed two hundred pounds each, in hard money, and that the subscription was going on very successfully. This subscription was intended as a donation, and to be given in bounties to promote the recruiting service. It is dated June 8th, 1780. The original subscription list is now in my possession—it amounts to four hundred pounds hard money, and one hundred and one thousand three hundred and sixty pounds continental.

While this subscription was going forward, information of the loss of Charleston arrived,† and on a communication from several members of congress to certain gentlemen of this city, of the increasing distresses and dangers then taking place, a meeting was held of the subscribers, and such other gentlemen who chose to attend, at the city tavern. This meeting was on the 17th of June, nine days after the subscriptions had begun.

At this meeting it was resolved to open a security-subscription, to the amount of three hundred thousand pounds, Pennsylvania currency, in real money; the subscribers to execute bonds to the amount of their subscriptions, and to form a bank thereon for supplying the army. This being resolved on and carried into execution, the plan of the first subscriptions was discontinued, and this extended one established in its stead.

By means of this bank the army was supplied through the campaign, and being at the same time recruited, was enabled to maintain its ground; and on the appointment of Mr. Morris to be superintendent of the finances the spring following, he arranged the system of the present bank, styled the bank of North America, and many of the subscribers of the former bank transferred their subscriptions into this.

Towards the establishment of this bank, congress passed an ordinance of incorporation, December 21st, which the government of Pennsylvania recognized by sundry matters: and afterwards, on an application of the president and directors of the bank, through the mediation of the executive council, the assembly agreed to, and passed the state act of incorporation April 1st, 1782.

Thus arose the bank—produced by the distresses of the times and the enterprising spirit of patriotic individuals.—Those individuals furnished and risked the money, and the aid which the government contributed was that of incorporating them.—It would have been well if the State had made all its bargains and contracts with as much true policy as it made this: for a greater service for so small a consideration, that only of an act of incorporation, has not been obtained since the government existed.

Having now shown how the bank originated, I shall proceed with my remarks.

The sudden restoration of public and private credit, which took place on the establishment of the bank, is an event as extraordinary in itself as any domestic occurrence during the progress of the revolution.

How far a spirit of envy might operate to produce the attack on the bank during the sitting of the late assembly, is best known and felt by those who began or promoted the attack. The bank had rendered services which the assembly of 1780 could not, and acquired an honour which many of its members might be unwilling to own, and wish to obscure.

But surely every government, acting on the principles of patriotism and public good, would cherish an institution capable of rendering such advantages to the community. The establishment of the bank in one of the most trying vicissitudes of the war, its zealous services in the public cause, its influence in restoring and supporting credit, and the punctuality with which all its business has been transacted, are matters, that so far from meriting the treatment it met with from the late assembly, are an honour to the state, and what the body of her citizens may be proud to own.

But the attack on the bank, as a chartered institution, under the protection of its violators, however criminal it may be as an error of government, or impolitic as a measure of party, is not to be charged on the constituents of those who made the attack. It appears from every circumstance that has come to light, to be a measure which that assembly contrived of itself. The members did not come charged with the affair from their constituents. There was no idea of such a thing when they were elected or when they met. The hasty and precipitate manner in which it was hurried through the house, and the refusal of the house to hear the directors of the bank in its defence, prior to the publication of the repealing bill for public consideration, operated to prevent their constituents comprehending the subject: therefore, whatever may be wrong in the proceedings lies not at the door of the public. The house took the affair on its own shoulders, and whatever blame there is, lies on them.

The matter must have been prejudged and predetermined by a majority of the members out of the house, before it was brought into it. The whole business appears to have been fixed at once, and all reasoning or debate on the case rendered useless.

Petitions from a very inconsiderable number of persons, suddenly procured, and so privately done, as to be a secret among the few that signed them, were presented to the house and read twice in one day, and referred to a committee of the house to *inquire* and report thereon. I here subjoin the petition* and the report, and shall exercise the right and privilege of a citizen in examining their merits, not for the purpose of opposition, but with a design of making an intricate affair more generally and better understood.

So far as my private judgment is capable of comprehending the subject, it appears to me, that the committee were unacquainted with, and have totally mistaken, the nature and business of a bank, as well as the matter committed to them, considered as a proceeding of government.

They were instructed by the house to *inquire* whether the bank established at Philadelphia was compatible with the public safety. It is scarcely possible to suppose the instructions meant no more than that they were to inquire of one another. It is certain they made no inquiry at the bank, to inform themselves of the situation of its affairs, how they were conducted, what aids it had rendered the public cause, or whether any; nor do the committee produce in their report a single fact or circumstance to show that they made any inquiry at all, or whether the rumours then circulated were true or false; but content themselves with modelling the insinuations of the petitions into a report and giving an opinion thereon. It would appear from the report, that the committee either conceived that the house had already determined how it would act without regard to the case, and that they were only a committee for form sake, and to give a colour of inquiry without making any, or that the case was referred to them, *as law-questions are sometimes referred to law-officers for an opinion only.*

This method of doing public business serves exceedingly to mislead a country.—When the constituents of an assembly hear that an inquiry into any matter is directed to be made, and a committee appointed for that purpose, they naturally conclude that the inquiry *is made*, and that the future proceedings of the house are in consequence of the matters, facts, and information obtained by means of that inquiry.—But here is a committee of inquiry making no inquiry at all, and giving an opinion on a case without inquiring into the merits of it. This proceeding of the committee would justify an opinion that it was not their wish to *get*, but to *get over* information, and lest the inquiry should not suit their wishes, omitted to make any. The subsequent conduct of the house, in resolving not to hear the directors of the bank, on their application for that purpose, prior to the publication of the bill for the consideration of the people, strongly corroborates this opinion: for why should not the house hear them, unless it was apprehensive that the bank, by such a public opportunity, would produce proofs of its services and usefulness, that would not suit the temper and views of its oppressors?

But if the house did not wish or choose to hear the defence of the bank, it was no reason that their constituents should not. The constitution of this state, in lieu of having two branches of legislature, has substituted, that, “to the end that laws before they are enacted may be more *maturely considered*, and the inconvenience of *hasty determinations* as much as possible prevented, all bills of a public nature shall be printed for the consideration of the people.”* The people, therefore, according to the constitution, stand in the place of another house; or, more properly speaking, are a house in their own right. But in this instance, the assembly arrogates the whole power to itself, and places itself as a bar to stop the necessary information spreading among the people. The application of the bank to be heard before the bill was published for public consideration had two objects. First, to the house,—and secondly, through the house to the people, who are as another house. It was as a defence in the first instance, and as an appeal in the second. But the assembly absorbs the right of the people to judge; because, by refusing to hear the defence, they barred the appeal. Were there no other cause which the constituents of that assembly had for censuring its conduct, than the exceeding unfairness, partiality, and arbitrariness with which its business was transacted, it would be cause sufficient.

Let the constituents of assemblies differ, as they may, respecting certain peculiarities in the *form* of the constitution, they will all agree in supporting its *principles*, and in reprobating unfair proceedings and despotic measures.—Every constituent is a member of the republic, which is a station of more consequence to him than being a member of a party, and though they may differ from each other in their choice of persons to transact the public business, it is of equal importance to all parties that the business be done on right principles; otherwise our laws and acts, instead of being founded in justice, will be founded in party, and be laws and acts of retaliation; and instead of being a republic of free citizens, we shall be alternately tyrants and slaves. But to return to the report.

The report begins by stating that, “The committee to whom was referred the petitions concerning the bank established at Philadelphia, and who were instructed to *inquire* whether the said bank be compatible with the public safety, and that equality which ought ever to prevail between the individuals of a republic, beg leave to report” (not that they have made any *inquiry*, but) “that it is the *opinion* of this committee, that the said bank, as at present established, is, in every view, incompatible with the public safety.” But why is it so? Here is an opinion unfounded and unwarranted. The committee have begun their report at the wrong end; for an opinion, when given as a matter of judgment, is an action of the mind which follows a fact, but here it is put in the room of one.

The report then says, “that in the present state of our trade, the said bank has a direct tendency to banish a great part of the specie from the country, and to collect into the hands of the stockholders of the bank, almost the whole of the money which remains among us.”

Here is another mere assertion, just like the former, without a single fact or circumstance to show why it is made, or whereon it is founded. Now the very reverse of what the committee asserts is the natural consequence of a bank. Specie may be called the stock in trade of the bank, it is therefore its interest to prevent it from wandering out of the country, and to keep a constant standing supply to be ready for all domestic occasions and demands. Were it true that the bank has a direct tendency to banish the specie from the country, there would soon be an end to the bank; and, therefore, the committee have so far mistaken the matter, as to put their fears in the place of their wishes: for if it is to happen as the committee states, let the bank alone and it will cease of itself, and the repealing act need not have been passed.

It is the interest of the bank that people should keep their cash there, and all commercial countries find the exceeding great convenience of having a general depository for their cash. But so far from banishing it, there are no two classes of people in America who are so much interested in preserving hard money in the country as the bank and the merchant. Neither of them can carry on their business without it. Their opposition to the paper money of the late assembly was because it has a direct effect, as far as it is able, to banish the specie, and that without providing any means for bringing more in.

The committee must have been aware of this, and therefore chose to spread the first alarm, and, groundless as it was, to trust to the delusion.

As the keeping the specie in the country is the interest of the bank, so it has the best opportunities of preventing its being sent away, and the earliest knowledge of such a design. While the bank is the general depository of cash, no great sums can be obtained without getting it from thence, and as it is evidently prejudicial to its interest to advance money to be sent abroad, because in this case the money cannot by circulation

return again, the bank, therefore, is interested in preventing what the committee would have it suspected of promoting.

It is to prevent the exportation of cash, and to retain it in the country, that the bank has, on several occasions, stopped the discounting notes till the danger had been passed.* The first part, therefore, of the assertion, that of banishing the specie, contains an apprehension as needless as it is groundless, and which, had the committee understood, or been the least informed of the nature of a bank, they could not have made. It is very probable that some of the opposers of the bank are those persons who have been disappointed in their attempts to obtain specie for this purpose, and now disguise their opposition under other pretences.

I now come to the second part of the assertion, which is, that when the bank has banished a great part of the specie from the country, “it will collect into the hands of the stock-holders almost the whole of the money which remains among us.” But how, or by what means, the bank is to accomplish this wonderful feat, the committee have not informed us. Whether people are to give their money to the bank for nothing, or whether the bank is to charm it from them as a rattlesnake charms a squirrel from a tree, the committee have left us as much in the dark about as they were themselves.

Is it possible the committee should know so very little of the matter, as not to know that no part of the money which at any time may be in the bank belongs to the stockholders? Not even the original capital which they put in is any part of it their own, until every person who has a demand upon the bank is paid, and if there is not a sufficiency for this purpose, on the balance of loss and gain, the original money of the stockholders must make up the deficiency.

The money, which at any time may be in the bank, is the property of every man who holds a bank note, or deposits cash there, or who has a just demand upon it from the city of Philadelphia up to fort Pitt, or to any part of the United States; and he can draw the money from it when he pleases. Its being in the bank, does not in the least make it the property of the stockholders, any more than the money in the state treasury is the property of the state treasurer. They are only stewards over it for those who please to put it, or let it remain there: and, therefore, this second part of the assertion is somewhat ridiculous.

The next paragraph in the report is, “that the accumulation of *enormous wealth* in the hands of a *society* who claim perpetual duration, will necessarily produce a degree of influence and power which cannot be entrusted in the hands of any set of men whatsoever” (the committee I presume expected) “without endangering public safety.” There is an air of solemn fear in this paragraph which is something like introducing a ghost in a play to keep people from laughing at the players.

I have already shown that whatever wealth there may be, at any time, in the bank, is

the property of those who have demands upon the bank, and not the property of the stockholders. As a society they hold no property, and most probably never will, unless it should be a house to transact their business in, instead of hiring one. Every half year the bank settles its accounts, and each individual stockholder takes his dividend of gain or loss to himself, and the bank begins the next half year in the same manner it began the first, and so on. This being the nature of a bank, there can be no accumulation of wealth among them as a society.

For what purpose the word “*society*” is introduced into the report I do not know, unless it be to make a false impression upon people's minds. It has no connexion with the subject, for the bank is not a society, but a company, and denominated so in the charter. There are several religious societies incorporated in this state, which hold property as the right of those societies, and to which no person can belong that is not of the same religious profession. But this is not the case with the bank. The bank is a company for the promotion and convenience of commerce, which is a matter in which all the state is interested, and holds no property in the manner which those societies do.

But there is a direct contradiction in this paragraph to that which goes before it. The committee, there, accuses the bank of banishing the specie, and here, of accumulating enormous sums of it. So here are two enormous sums of specie; one enormous sum going out, and another enormous sum remaining. To reconcile this contradiction, the committee should have added to their report, *that they suspected the bank had found out the philosopher's stone, and kept it a secret.*

The next paragraph is, “that the said bank, in its corporate capacity, is empowered to hold estates to the amount of ten millions of dollars, and by the tenor of the present charter is to exist for ever, without being obliged to yield any emolument to the government, or be in the least dependant on it.”

The committee have gone so vehemently into this business, and so completely shown their want of knowledge in every point of it, as to make, in the first part of this paragraph, a fear of what, the greater fear is, will never happen. Had the committee known any thing of banking, they must have known, that the objection against banks has been (not that they held great estates but) that they held none; that they had no real, fixed, and visible property, and that it is the maxim and practice of banks not to hold any.

The honourable chancellor Livingston, late secretary for foreign affairs, did me the honour of showing, and discoursing with me on, a plan of a bank he had drawn up for the state of New-York. In this plan it was made a condition or obligation, that whatever the capital of the bank amounted to in specie, there should be added twice as much in real estates. But the mercantile interest rejected the proposition.

It was a very good piece of policy in the assembly which passed the charter act, to add the clause to empower the bank to purchase and hold real estates. It was as an inducement to the bank to do it, because such estates being held as the property of the bank would be so many mortgages to the public in addition to the money capital of the bank.

But the doubt is that the bank will not be induced to accept the opportunity. The bank has existed five years, and has not purchased a shilling of real property: and as such property or estates cannot be purchased by the bank but with the interest money which the stock produces, and as that is divided every half year among the stockholders, and each stockholder chooses to have the management of his own dividend, and if he lays it out in purchasing an estate to have that estate his own private property, and under his own immediate management, there is no expectation, so far from being any fear, that the clause will be accepted.

Where knowledge is a duty, ignorance is a crime; and the committee are criminal in not understanding this subject better. Had this clause not been in the charter, the committee might have reported the want of it as a defect, in not empowering the bank to hold estates as a real security to its creditors: but as the complaint now stands, the accusation of it is, that the charter empowers the bank to *give real security* to its creditors. A complaint never made, heard of, or thought of before.

The second article in this paragraph is, “that the bank, according to the tenor of the present charter, is to exist for ever.” Here I agree with the committee, and am glad to find that among such a list of errors and contradictions there is one idea which is not wrong, although the committee have made a wrong use of it.

As we are not to live for ever ourselves, and other generations are to follow us, we have neither the power nor the right to govern them, or to say how they shall govern themselves. It is the summit of human vanity, and shows a covetousness of power beyond the grave, to be dictating to the world to come. It is sufficient that we do that which is right in our own day, and leave them with the advantage of good examples.

As the generations of the world are every day both commencing and expiring, therefore, when any public act, of this sort, is done, it naturally supposes the age of that generation to be then beginning, and the time contained between coming of age, and the natural end of life, is the extent of time it has a right to go to, which may be about thirty years; for though many may die before, others will live beyond; and the mean time is equally fair for all generations.

If it was made an article in the constitution, that all laws and acts should cease of themselves in thirty years, and have no legal force beyond that time, it would prevent their becoming too numerous and voluminous, and serve to keep them within view in a compact compass. Such as were proper to be continued, would be enacted again, and

those which were not, would go into oblivion. There is the same propriety that a nation should fix a time for a full settlement of its affairs, and begin again from a new date, as that an individual should; and to keep within the distance of thirty years would be a convenient period.

The British, from the want of some general regulation of this kind, have a great number of obsolete laws; which, though out of use and forgotten, are not out of force, and are occasionally brought up for particular purposes, and innocent, unwary persons trepanned thereby.

To extend this idea still further,—it would probably be a considerable improvement in the political system of nations, to make all treaties of peace for a limited time. It is the nature of the mind to feel uneasy under the idea of a condition perpetually existing over it, and to excite in itself apprehensions that would not take place were it not from that cause.

Were treaties of peace made for, and renewable every seven or ten years, the natural effect would be, to make peace continue longer than it does under the custom of making peace for ever. If the parties felt, or apprehended, any inconveniences under the terms already made, they would look forward to the time when they should be eventually relieved therefrom, and might renew the treaty on improved conditions. This opportunity periodically occurring, and the recollection of it always existing, would serve as a chimney to the political fabric, to carry off the smoke and fume of national fire. It would naturally abate and honourably take off the edge and occasion for fighting: and however the parties might determine to do it, when the time of the treaty should expire, it would then seem like fighting in cool blood: the fighting temper would be dissipated before the fighting time arrived, and negotiation supply its place. To know how probable this may be, a man need do no more than observe the progress of his own mind on any private circumstance similar in its nature to a public one. But to return to my subject.

To give limitation is to give duration: and though it is not a justifying reason, that because an act or contract is not to last for ever, that it shall be broken or violated to-day, yet, where no time is mentioned, the omission affords an opportunity for the abuse. When we violate a contract on this pretence, we assume a right that belongs to the next generation; for though they, as a following generation, have the right of altering or setting it aside, as not being concerned in the making it, or not being done in their day, we, who made it, have not that right; and, therefore, the committee, in this part of their report, have made a wrong use of a right principle; and as this clause in the charter might have been altered by the consent of the parties, it cannot be produced to justify the violation. And were it not altered there would be no inconvenience from it. The term “for ever” is an absurdity that would have no effect. The next age will think for itself, by the same rule of right that we have done, and not admit any assumed authority of ours to encroach upon the system of their day. Our *for*

ever ends, where their *for ever* begins.

The third article in this paragraph is, that the bank holds its character “without being obliged to yield any emolument to the government.”

Ingratitude has a short memory. It was on the failure of the government to support the public cause, that the bank originated. It stepped in as a support, when some of the persons then in the government, and who now oppose the bank, were apparently on the point of abandoning the cause, not from disaffection, but from despair. While the expenses of the war were carried on by emissions of continental money, any set of men, in government, might carry it on. The means being provided to their hands, required no great exertions of fortitude or wisdom: but when this means failed, they would have failed with it, had not a public spirit awakened itself with energy out of doors. It was easy times to the governments while continental money lasted. The dream of wealth supplied the reality of it; but when the dream vanished, the government did not awake.

But what right has the government to expect any emolument from the bank? Does the committee mean to set up acts and charters for sale, or what do they mean? Because it is the practice of the British ministry to grind a toll out of every public institution they can get a power over, is the same practice to be followed here?

The war being now ended, and the bank having rendered the service expected, or rather hoped for, from it, the principal public use of it, at this time, is for the promotion and extension of commerce. The whole community derives benefit from the operation of the bank. It facilitates the commerce of the country. It quickens the means of purchasing and paying for country produce, and hastens on the exportation of it. The emolument, therefore, being to the community, it is the office and duty of government to give protection to the bank.

Among many of the principal conveniences arising from the bank, one of them is, that it gives a kind of life to, what would otherwise be, dead money. Every merchant and person in trade, has always in his hands some quantity of cash, which constantly remains with him; that is, he is never entirely without: this remnant money, as it may be called, is of no use to him till more is collected to it.—He can neither buy produce nor merchandize with it, and this being the case with every person in trade, there will be (though not all at the same time) as many of those sums lying uselessly by, and scattered throughout the city, as there are persons in trade, besides many that are not in trade.

I should not suppose the estimate overrated, in conjecturing, that half the money in the city, at any one time, lies in this manner. By collecting those scattered sums together, which is done by means of the bank, they become capable of being used, and the quantity of circulating cash is doubled, and by the depositors alternately lending them to each other, the commercial system is invigorated: and as it is the interest of the bank

to preserve this money in the country for domestic uses only, and as it has the best opportunity of doing so, the bank serves as a sentinel over the specie.

If a farmer, or a miller, comes to the city with produce, there are but few merchants that can individually purchase it with ready money of their own; and those few would command nearly the whole market for country produce; but, by means of the bank, this monopoly is prevented, and the chance of the market enlarged. It is very extraordinary that the late assembly should promote monopolizing; yet such would be the effect of suppressing the bank; and it is much to the honour of those merchants, who are capable by their fortunes of becoming monopolizers, that they support the bank. In this case, honour operates over interest. They were the persons who first set up the bank, and their honour is now engaged to support what it is their interest to put down.

If merchants, by this means, or farmers, by similar means, among themselves, can mutually aid and support each other, what has the government to do with it? What right has it to expect emolument from associated industry, more than from individual industry? It would be a strange sort of government, that should make it illegal for people to assist each other, or pay a tribute for doing so.

But the truth is, that the government has already derived emoluments, and very extraordinary ones. It has already received its full share, by the services of the bank during the war; and it is every day receiving benefits, because whatever promotes and facilitates commerce, serves likewise to promote and facilitate the revenue.

The last article in this paragraph is, “that the bank is not the least dependant on the government.”

Have the committee so soon forgotten the principles of republican government, and the constitution, or are they so little acquainted with them, as not to know, that this article in their report partakes of the nature of treason? Do they not know, that freedom is destroyed by dependance, and the safety of the state endangered thereby? Do they not see, that to hold any part of the citizens of the state, as yearly pensioners on the favour of an assembly, is striking at the root of free elections?

If other parts of their report discover a want of knowledge on the subject of banks, this shows a want of principle in the science of government.

Only let us suppose this dangerous idea carried into practice, and then see what it leads to. If corporate bodies are, after their incorporation, to be annually dependant on an assembly for the continuance of their charter, the citizens which compose those corporations, are not free. The government holds an authority and influence over them, in a manner different from what it does over other citizens, and by this means destroys that equality of freedom, which is the bulwark of the republic and the

constitution.

By this scheme of government any party, which happens to be uppermost in a state, will command all the corporations in it, and may create more for the purpose of extending that influence. The dependant borough towns in England are the rotten parts of their government and this idea of the committee has a very near relation to it.

“If you do not do so and so,” expressing what was meant, “take care of your charter,” was a threat thrown out against the bank. But as I do not wish to enlarge on a disagreeable circumstance, and hope that what is already said is sufficient to show the anti-constitutional conduct and principles of the committee, I shall pass on to the next paragraph in the report.—Which is—

“That the great profits of the bank, which will daily increase as money grows scarcer, and which already far exceeds the profits of European banks, have tempted foreigners to vest their money in this bank, and thus to draw from us large sums for interest.”

Had the committee understood the subject, some dependance might be put on their opinion which now cannot. Whether money will grow scarcer, and whether the profits of the bank will increase, are more than the committee know, or are judges sufficient to guess at. The committee are not so capable of taking care of commerce, as commerce is capable of taking care of itself. The farmer understands farming, and the merchant understands commerce; and as riches are equally the object of both, there is no occasion that either should fear that the other will seek to be poor. The more money the merchant has, so much the better for the farmer who has produce to sell; and the richer the farmer is, so much the better for the merchant, when he comes to his store.

As to the profits of the bank, the stockholders must take their chance for it. It may some years be more and others less, and upon the whole may not be so productive as many other ways that money may be employed. It is the convenience which the stockholders, as commercial men, derive from the establishment of the bank, and not the mere interest they receive, that is the inducement to them. It is the ready opportunity of borrowing alternately of each other that forms the principal object: and as they pay as well as receive a great part of the interest among themselves, it is nearly the same thing, both cases considered at once, whether it is more or less.

The stockholders are occasionally depositors and sometimes borrowers of the bank. They pay interest for what they borrow, and receive none for what they deposit; and were a stockholder to keep a nice account of the interest he pays for the one and loses on the other, he would find, at the year's end, that ten per cent. on his stock would probably not be more than common interest on the whole, if so much.

As to the committee complaining “that foreigners by vesting their money in the bank will draw large sums from us for interest,” it is like a miller complaining, in a dry

season, that so much water runs into his dam some of it runs over.

Could those foreigners draw this interest without putting in any capital, the complaint would be well founded; but as they must first put money in before they can draw any out, as they must draw many years before they can draw even the numerical sum they put in at first, the effect for at least twenty years to come, will be directly contrary to what the committee states; because we draw *capital* from them and they only *interest* from us, and as we shall have the use of the money all the while it remains with us, the advantage will always be in our favour.—In framing this part of the report, the committee must have forgotten which side of the Atlantic they were on, for the case would be as they state it if we put money into their bank instead of their putting it into ours.

I have now gone through, line by line, every objection against the bank, contained in the first half of the report; what follows may be called, *The lamentations of the committee*, and a lamentable, pusillanimous, degrading thing it is.—It is a public affront, a reflection upon the sense and spirit of the whole country. I shall give the remainder together, as it stands in the report, and then my remarks. The lamentations are:

“That foreigners will doubtless be more and more induced to become stock holders, until the time may arrive when this *enormous* engine of power may become subject to foreign influence, this country may be agitated by the politics of European courts, and the good people of America reduced once more into a state of subordination and dependance upon some one or other of the European powers. That at best, if it were even confined to the hands of Americans, it would be totally destructive of that equality which ought to prevail in a republic. We have nothing in our free and equal government capable of balancing the influence which this bank must create; and we see nothing which in the course of a few years can prevent the directors of the bank from governing Pennsylvania. Already we have felt its influence indirectly interfering in the measures of the legislature. Already the house of assembly, the representatives of the people, have been threatened, that the credit of our paper currency will be blasted by the bank; and if this growing evil continues, we fear the time is not very distant when the bank will be able to dictate to the legislature, what laws to pass and what to forbear.”

When the sky falls we shall all be killed. There is something so ridiculously grave, so wide of probability, and so wild, confused and inconsistent in the whole composition of this long paragraph, that I am at a loss how to begin upon it.—It is like a drowning man crying fire! fire!

This part of the report is made up of two dreadful predictions. The first is, that if foreigners purchase bank stock, we shall be all ruined;—the second is, that if the Americans keep the bank to themselves, we shall be also ruined.

A committee of fortune-tellers is a novelty in government, and the gentlemen, by giving this specimen of their art, have ingeniously saved their honour on one point, which is, that though the people may say they are not bankers, nobody can say they are not conjurors.—There is, however, one consolation left, which is, that the committee do not know *exactly* how long it may be; so there is some hope that we may all be in heaven when this dreadful calamity happens upon earth.

But to be serious, if any seriousness is necessary on so laughable a subject.—If the state should think there is any thing improper in foreigners purchasing bank stock, or any other kind of stock or funded property (for I see no reason why bank stock should be particularly pointed at) the legislature have authority to prohibit it. It is a mere political opinion that has nothing to do with the charter, or the charter with that; and therefore the first dreadful prediction vanishes.

It has always been a maxim in politics, founded on, and drawn from, natural causes and consequences, that the more foreign countries which any nation can interest in the prosperity of its own, so much the better. Where the treasure is, there will the heart be also; and therefore when foreigners vest their money with us, they naturally invest their good wishes with it; and it is we that obtain an influence over them, not they over us.—But the committee set out so very wrong at first, that the further they travelled, the more they were out of their way; and now they have got to the end of their report, they are at the utmost distance from their business.

As to the second dreadful part, that of the bank overturning the government, perhaps the committee meant that at the next general election themselves might be turned out of it, which has partly been the case; not by the influence of the bank, for it had none, not even enough to obtain the permission of a hearing from government, but by the influence of reason and the choice of the people, who most probably resent the undue and unconstitutional influence which that house and committee were assuming over the privileges of citizenship.

The committee might have been so modest as to have confined themselves to the bank, and not thrown a general odium on the whole country. Before the events can happen which the committee predict, the electors of Pennsylvania must become dupes, dunces, and cowards, and, therefore, when the committee predict the dominion of the bank they predict the disgrace of the people.

The committee having finished their report, proceed to give their advice, which is,

“That a committee be appointed to bring in a bill to repeal the act of assembly passed the first day of April, 1782, entitled, 'An act to incorporate the subscribers to the bank of North-America,' and also to repeal one other act of the assembly passed the 18th of March, 1782, entitled, 'An act for preventing and punishing the counterfeiting of the common seal, bank-bills and bank notes of the president, directors and company of the

bank of North-America, and for other purposes therein mentioned.”

There is something in this sequel to the report that is perplexed and obscure.

Here are two acts to be repealed. One is, the incorporating act. The other, the act for preventing and punishing the counterfeiting of the common seal, bank bills, and bank notes of the president, directors and company of the bank of North-America.

It would appear from the committee's manner of arranging them (were it not for the difference of their dates) that the act for punishing the counterfeiting the common seal, etc. of the bank, followed the act of incorporation, and that the common seal there referred to is a common seal which the bank held in consequence of the aforesaid incorporating act.—But the case is quite otherwise. The act for punishing the counterfeiting the common seal, etc. of the bank, was passed prior to the incorporating act, and refers to the common seal which the bank held in consequence of the charter of congress, and the style which the act expresses, of president, directors and company of the bank of North-America, is the corporate style which the bank derives under the congress charter.

The punishing act, therefore, hath two distinct legal points. The one is, an authoritative public recognition of the charter of congress. The second is, the punishment it inflicts on counterfeiting.

The legislature may repeal the punishing part, but it cannot undo the recognition, because no repealing act can say that the state has not recognized. The recognition is a mere matter of fact, and no law or act can undo a fact, or put it, if I may so express it, in the condition it was before it existed. The repealing act therefore does not reach the full point the committee had in view; for even admitting it to be a repeal of the state charter, it still leaves another charter recognized in its stead.—The charter of congress, standing merely on itself, would have a doubtful authority, but recognition of it by the state gives it legal ability. The repealing act, it is true sets aside the punishment, but does not bar the operation of the charter of congress as a charter recognized by the state, and therefore the committee did their business but by halves.

I have now gone entirely through the report of the committee, and a more irrational, inconsistent, contradictory report will scarcely be found on the journals of any legislature of America.

How the repealing act is to be applied, or in what manner it is to operate, is a matter yet to be determined. For admitting a question of law to arise, whether the charter, which that act attempts to repeal, is a law of the land in the manner which laws of universal operation are, or of the nature of a contract made between the public and the bank, (as I have already explained in this work,) the repealing act does not and cannot decide the question, because it is the repealing act that makes the question, and its own

fate is involved in the decision. It is a question of law and not a question of legislation, and must be decided on in a court of justice and not by a house of assembly.

But the repealing act, by being passed prior to the decision of this point, assumes the power of deciding it, and the assembly in so doing erects itself unconstitutionally into a tribunal of judicature, and absorbs the authority and right of the courts of justice into itself.

Therefore the operation of the repealing act, in its very outset, requires injustice to be done. For it is impossible on the principles of a republican government and the constitution, to pass an act to forbid any of the citizens the right of appealing to the courts of justice on any matter in which his interest or property is affected; but the first operation of this act goes to shut up the courts of justice and holds them subservient to the assembly. It either commands or influences them not to hear the case, or to give judgment on it on the mere will of one party only.

I wish the citizens to awaken themselves on this subject. Not because the bank is concerned, but because their own constitutional rights and privileges are involved in the event. It is a question of exceeding great magnitude; for if an assembly is to have this power, the laws of the land and the courts of justice are but of little use.

Having now finished with the report, I proceed to the third and last subject—that of paper money.

I remember a German farmer expressing as much in a few words as the whole subject requires; “*money is money, and paper is paper.*”—All the invention of man cannot make them otherwise. The alchemist may cease his labours, and the hunter after the philosopher's stone go to rest, if paper can be metamorphosed into gold and silver, or made to answer the same purpose in all cases.

Gold and silver are the emissions of nature: paper is the emission of art. The value of gold and silver is ascertained by the quantity which nature has made in the earth. We cannot make that quantity more or less than it is, and therefore the value being dependant upon the quantity, depends not on man.—Man has no share in making gold or silver; all that his labours and ingenuity can accomplish is, to collect it from the mine, refine it for use and give it an impression, or stamp it into coin.

Its being stamped into coin adds considerably to its convenience but nothing to its value. It has then no more value than it had before. Its value is not in the impression but in itself. Take away the impression and still the same value remains. Alter it as you will, or expose it to any misfortune that can happen, still the value is not diminished. It has a capacity to resist the accidents that destroy other things. It has, therefore, all the requisite qualities that money can have, and is a fit material to make money of; and nothing which has not all those properties, can be fit for the purpose of money.

Paper, considered as a material whereof to make money, has none of the requisite qualities in it. It is too plentiful, and too easily come at. It can be had any where, and for a trifle.

There are two ways in which I shall consider paper.

The only proper use for paper, in the room of money, is to write promissory notes and obligations of payment in specie upon. A piece of paper, thus written and signed, is worth the sum it is given for, if the person who gives it is able to pay it; because in this case, the law will oblige him. But if he is worth nothing, the paper note is worth nothing. The value, therefore, of such a note, is not in the note itself, for that is but paper and promise, but in the man who is obliged to redeem it with gold or silver.

Paper, circulating in this manner, and for this purpose, continually points to the place and person where, and of whom, the money is to be had, and at last finds its home; and, as it were, unlocks its master's chest and pays the bearer.

But when an assembly undertake to issue paper *as* money, the whole system of safety and certainty is overturned, and property set afloat. Paper notes given and taken between individuals as a promise of payment is one thing, but paper issued by an assembly *as* money is another thing. It is like putting an apparition in the place of a man; it vanishes with looking at it, and nothing remains but the air.

Money, when considered as the fruit of many years industry, as the reward of labour, sweat and toil, as the widow's dowry and children's portion, and as the means of procuring the necessaries and alleviating the afflictions of life, and making old age a scene of rest, has something in it sacred that is not to be sported with, or trusted to the airy bubble of paper currency.

By what power or authority an assembly undertakes to make paper money, is difficult to say. It derives none from the constitution, for that is silent on the subject. It is one of those things which the people have not delegated, and which, were they at any time assembled together, they would not delegate. It is, therefore, an assumption of power which an assembly is not warranted in, and which may, one day or other, be the means of bringing some of them to punishment.

I shall enumerate some of the evils of paper money and conclude with offering means for preventing them.

One of the evils of paper money is, that it turns the whole country into stock jobbers. The precariousness of its value and the uncertainty of its fate continually operate, night and day, to produce this destructive effect. Having no real value in itself it depends for support upon accident, caprice and party, and as it is the interest of some to depreciate and of others to raise its value, there is a continual invention going on that destroys the

morals of the country.

It was horrid to see, and hurtful to recollect, how loose the principles of justice were left, by means of the paper emissions during the war. The experience then had, should be a warning to any assembly how they venture to open such a dangerous door again.

As to the romantic, if not hypocritical, tale that a virtuous people need no gold and silver, and that paper will do as well, it requires no other contradiction than the experience we have seen. Though some well meaning people may be inclined to view it in this light, it is certain that the sharper always talks this language.

There are a set of men who go about making purchases upon credit, and buying estates they have not wherewithal to pay for; and having done this, their next step is to fill the newspapers with paragraphs of the scarcity of money and the necessity of a paper emission, then to have a legal tender under the pretence of supporting its credit, and when out, to depreciate it as fast as they can, get a deal of it for a little price, and cheat their creditors; and this is the concise history of paper money schemes.

But why, since the universal custom of the world has established money as the most convenient medium of traffic and commerce, should paper be set up in preference to gold and silver? The productions of nature are surely as innocent as those of art; and in the case of money, are abundantly, if not infinitely, more so. The love of gold and silver may produce covetousness, but covetousness, when not connected with dishonesty, is not properly a vice. It is frugality run to an extreme.

But the evils of paper money have no end. Its uncertain and fluctuating value is continually awakening or creating new schemes of deceit. Every principle of justice is put to the rack, and the bond of society dissolved: the suppression, therefore, of paper money might very properly have been put into the act for preventing vice and immorality.

The pretence for paper money has been, that there was not a sufficiency of gold and silver. This, so far from being a reason for paper emissions, is a reason against them.

As gold and silver are not the productions of North America, they are, therefore, articles of importation; and if we set up a paper manufactory of money, it amounts, as far as it is able, to prevent the importation of hard money, or to send it out again as fast as it comes in; and by following this practice we shall continually banish the specie, till we have none left, and be continually complaining of the grievance instead of remedying the cause.

Considering gold and silver as articles of importation, there will in time, unless we prevent it by paper emissions, be as much in the country as the occasions of it require, for the same reasons there are as much of other imported articles. But as every yard of

cloth manufactured in the country occasions a yard the less to be imported, so it is by money, with this difference, that in the one case we manufacture the thing itself and in the other we do not. We have cloth for cloth, but we have only paper dollars for silver ones.

As to the assumed authority of any assembly in making paper money, or paper of any kind, a legal tender, or in other language, a compulsive payment, it is a most presumptuous attempt at arbitrary power. There can be no such powering a republican government: the people have no freedom, and property no security where this practice can be acted: and the committee who shall bring in a report for this purpose, or the member who moves for it, and he who seconds it merit impeachment, and sooner or later may expect it.

Of all the various sorts of base coin, paper money is the basest. It has the least intrinsic value of any thing that can be put in the place of gold and silver. A hobnail or a piece of wampum far exceeds it. And there would be more propriety in making those articles a legal tender than to make paper so.

It was the issuing base coin, and establishing it as a tender, that was one of the principal means of finally overthrowing the power of the Stuart family in Ireland. The article is worth reciting as it bears such a resemblance to the process practiced in paper money.

“Brass and copper of the basest kind, old cannon, broken bells, household utensils were assiduously collected; and from every pound weight of such vile materials, valued at four-pence, pieces were coined and circulated to the amount of five pounds normal value. By the first proclamation they were made current in all payments to and from the king and the subjects of the realm, except in duties on the importation of foreign goods, money left in trust, or due by mortgage, bills or bonds; and James promised that when the money should be decried, he would receive it in all payments, or make full satisfaction in gold and silver. The nominal value was afterwards raised by subsequent proclamations, the original restrictions removed, and this base money was ordered to be received in all kinds of payments. As brass and copper grew scarce, it was made of still viler materials, of tin and pewter, and old debts of one thousand pounds were discharged by pieces of vile metal amounting to thirty shillings in intrinsic value.”*

Had king James thought of paper, he needed not to have been at the trouble or expense of collecting brass and copper, broken bells, and household utensils.

The laws of a country ought to be the standard of equity, and calculated to impress on the minds of the people the moral as well as the legal obligations of reciprocal justice. But tender laws, of any kind, operate to destroy morality, and to dissolve, by the pretence of law, what ought to be the principle of law to support, reciprocal justice

between man and man: and the punishment of a member who should move for such a law ought to be *death*.¹

When the recommendation of congress, in the year 1780, for repealing the tender laws was before the assembly of Pennsylvania, on casting up the votes, for and against bringing in a bill to repeal those laws, the numbers were equal, and the casting vote rested on the speaker, colonel Bayard. "I give my vote," said he, "for the repeal, from a consciousness of justice; the tender laws operate to establish iniquity by law." But when the bill was brought in, the house rejected it, and the tender laws continued to be the means of fraud.

If any thing had, or could have, a value equal to gold and silver, it would require no tender law: and if it had not that value it ought not to have such a law; and, therefore, all tender laws are tyrannical and unjust, and calculated to support fraud and oppression.

Most of the advocates for tender laws are those who have debts to discharge, and who take refuge in such a law, to violate their contracts and cheat their creditors. But as no law can warrant the doing an unlawful act, therefore the proper mode of proceeding, should any such laws be enacted in future, will be to impeach and execute the members who moved for and seconded such a bill, and put the debtor and the creditor in the same situation they were in, with respect to each other, before such a law was passed. Men ought to be made to tremble at the idea of such a barefaced act of injustice. It is in vain to talk of restoring credit, or complain that money cannot be borrowed at legal interest, until every idea of tender laws is totally and publicly reprobated and extirpated from among us.

As to paper money, in any light it can be viewed, it is at best a bubble. Considered as property, it is inconsistent to suppose that the breath of an assembly, whose authority expires with the year, can give to paper the value and duration of gold. They cannot even engage that the next assembly shall receive it in taxes. And by the precedent, (for authority there is none,) that one assembly makes paper money, another may do the same, until confidence and credit are totally expelled, and all the evils of depreciation acted over again. The amount, therefore, of paper money is this, that it is the illegitimate offspring of assemblies, and when their year expires, they leave a vagrant on the hands of the public.

Having now gone through the three subjects proposed in the title to this work, I shall conclude with offering some thoughts on the present affairs of the state.

My idea of a single legislature was always founded on a hope, that whatever personal parties there might be in the state, they would all unite and agree in the general principles of good government—that these party differences would be dropped at the threshold of the statehouse, and that the public good, or the good of the whole, would

be the governing principle of the legislature within it.

Party dispute, taken on this ground, would only be, who should have the honour of making the laws; not what the laws should be. But when party operates to produce party laws, a single house is a single person, and subject to the haste, rashness and passion of individual sovereignty. At least, it is an aristocracy.

The form of the present constitution is now made to trample on its principles, and the constitutional members are anti-constitutional legislators. They are fond of supporting the form for the sake of the power, and they dethrone the principle to display the sceptre.

The attack of the late assembly on the bank, discovers such a want of moderation and prudence, of impartiality and equity, of fair and candid inquiry and investigation, of deliberate and unbiassed judgment, and such a rashness of thinking and vengeance of power, as is inconsistent with the safety of the republic. It was judging without hearing, and executing without trial.

By such rash, injudicious and violent proceedings, the interest of the state is weakened, its prosperity diminished, and its commerce and its specie banished to other places. Suppose the bank had not been in an immediate condition to have stood such a sudden attack, what a scene of instant distress would the rashness of that assembly have brought upon this city and state. The holders of bank notes, whoever they might be, would have been thrown into the utmost confusion and difficulties. It is no apology to say the house never thought of this, for it was their duty to have thought of every thing.

But by the prudent and provident management of the bank, (though unsuspecting of the attack,) it was enabled to stand the run upon it without stopping payment a moment, and to prevent the evils and mischiefs taking place which the rashness of the assembly had a direct tendency to bring on; a trial that scarcely a bank in Europe, under a similar circumstance, could have withstood.

I cannot see reason sufficient to believe that the hope of the house to put down the bank was placed on the withdrawing the charter, so much as on the expectation of producing a bankruptcy of the bank, by starting a run upon it. If this was any part of their project it was a very wicked one, because hundreds might have been ruined to gratify a party spleen.

But this not being the case, what has the attack amounted to, but to expose the weakness and rashness, the want of judgment as well as justice, of those who made it, and to confirm the credit of the bank more substantially than it was before?

The attack, it is true, has had one effect, which is not in the power of the assembly to remedy; it has banished many thousand hard dollars from the state. By the means of

the bank, Pennsylvania had the use of a great deal of hard money belonging to citizens of other states, and that without any interest, for it laid here in the nature of deposit, the depositors taking bank notes in its stead. But the alarm called those notes in and the owners drew out their cash.

The banishing the specie served to make room for the paper money of the assembly, and we have now paper dollars where we might have had silver ones. So that the effect of the paper money has been to make less money in the state than there was before.¹ Paper money is like dram-drinking, it relieves for a moment by deceitful sensation, but gradually diminishes the natural heat, and leaves the body worse than it found it. Were not this the case, and could money be made of paper at pleasure, every sovereign in Europe would be as rich as he pleased. But the truth is, that it is a bubble and the attempt vanity. Nature has provided the proper materials for money, gold and silver, and any attempt of ours to rival her is ridiculous.

But to conclude. If the public will permit the opinion of a friend who is attached to no party, and under obligation to none, nor at variance with any, and who through a long habit of acquaintance with them has never deceived them, that opinion shall be freely given.

The bank is an institution capable of being made exceedingly beneficial to the state, not only as the means of extending and facilitating its commerce, but as a means of increasing the quantity of hard money in the state. The assembly's paper money serves directly to banish or crowd out the hard, because it is issued *as* money and put in the place of hard money. But bank notes are of a very different kind, and produce a contrary effect. They are promissory notes payable on demand, and may be taken to the bank and exchanged for gold or silver without the least ceremony or difficulty.

The bank, therefore, is obliged to keep a constant stock of hard money sufficient for this purpose; which is what the assembly neither does, nor can do by their paper; because the quantity of hard money collected by taxes into the treasury is trifling compared with the quantity that circulates in trade and through the bank.

The method, therefore, to increase the quantity of hard money would be to combine the security of the government and the bank into one. And instead of issuing paper money that serves to banish the specie, to borrow the sum wanted of the bank in bank notes, on the condition of the bank exchanging those notes at stated periods and quantities, with hard money.

Paper issued in this manner, and directed to this end, would, instead of banishing, work itself into gold and silver; because it will then be both the advantage and duty of the bank, and of all the mercantile interests connected with it, to procure and import gold and silver from any part of the world, to give in exchange for the notes. The English bank is restricted to the dealing in no other articles of importation than gold

and silver, and we may make the same use of our bank if we proceed properly with it.

Those notes will then have a double security, that of the government and that of the bank: and they will not be issued *as* money, but as hostages to be exchanged for hard money, and will, therefore, work the contrary way to what the paper of the assembly, uncombined with the security of the bank, produces: and the interest allowed the bank will be saved to government, by a saving of the expenses and charges attending paper emissions.

It is, as I have already observed in the course of this work, the harmony of all the parts of a republic, that constitutes their several and mutual good. A government that is constructed only to govern, is not a republican government. It is combining authority with usefulness, that in a great measure distinguishes the republican system from others.

Paper money appears, at first sight, to be a great saving, or rather that it costs nothing; but it is the dearest money there is. The ease with which it is emitted by an assembly at first, serves as a trap to catch people in at last. It operates as an anticipation of the next year's taxes. If the money depreciates, after it is out, it then, as I have already remarked, has the effect of fluctuating stock, and the people become stock-jobbers to throw the loss on each other. If it does not depreciate, it is then to be sunk by taxes at the price of *hard money*; because the same quantity of produce, or goods, that would procure a paper dollar to pay taxes with, would procure a silver one for the same purpose. Therefore, in any case of paper money, it is dearer to the country than hard money, by all the expense which the paper, printing, signing, and other attendant charges come to, and at last goes into the fire.

Suppose one hundred thousand dollars in paper money to be emitted every year by the assembly, and the same sum to be sunk every year by taxes, there will then be no more than one hundred thousand dollars out at any one time. If the expense of paper and printing, and of persons to attend the press while the sheets are striking off, signers, etc. be five per cent. it is evident that in the course of twenty years' emissions, the one hundred thousand dollars will cost the country two hundred thousand dollars. Because the papermaker's and printer's bills, and the expense of supervisors and signers, and other attendant charges, will in that time amount to as much as the money amounts to; for the successive emissions are but a re-coining of the same sum.

But gold and silver require to be coined but once, and will last an hundred years, better than paper will one year, and at the end of that time be still gold and silver. Therefore, the saving to government, in combining its aid and security with that of the bank in procuring hard money, will be an advantage to both, and to the whole community.

The case to be provided against, after this, will be, that the government do not borrow too much of the bank, nor the bank lend more notes than it can redeem; and, therefore,

should any thing of this kind be undertaken, the best way will be to begin with a moderate sum, and observe the effect of it. The interest given the bank operates as a bounty on the importation of hard money, and which may not be more than the money expended in making paper emissions.

But nothing of this kind, nor any other public undertaking, that requires security and duration beyond the year, can be gone upon under the present mode of conducting government. The late assembly, by assuming a sovereign power over every act and matter done by the state in former assemblies, and thereby setting up a precedent of overhauling, and overturning, as the accident of elections shall happen or party prevail, have rendered government incompetent to all the great objects of the state. They have eventually reduced the public to an annual body like themselves; whereas the public are a standing, permanent body, holding annual elections.

There are several great improvements and undertakings, such as inland navigation, building bridges, opening roads of communication through the state, and other matters of a public benefit, that might be gone upon, but which now cannot, until this governmental error or defect is remedied. The faith of government, under the present mode of conducting it, cannot be relied on. Individuals will not venture their money in undertakings of this kind, on an act that may be made by one assembly and broken by another. When a man can say that he cannot trust the government, the importance and dignity of the public is diminished, sapped and undermined; and, therefore, it becomes the public to restore their own honour by setting these matters to rights.

Perhaps this cannot be effectually done until the time of the next convention, when the principles, on which they are to be regulated and fixed, may be made a part of the constitution.

In the mean time the public may keep their affairs in sufficient good order, by substituting prudence in the place of authority, and electing men into the government, who will at once throw aside the narrow prejudices of party, and make the good of the whole the ruling object of their conduct. And with this hope, and a sincere wish for their prosperity, I close my book.¹

[1] That is, between December 22, 1785, and February 18, 1786. Professor W. G. Sumner, in his work on Robert Morris, says that Paine was “hired” by Morris for this work; but after re-examining his papers, writes me that his statement goes beyond any evidence in his possession. The pamphlet was disinterested and courageous; it cost Paine valued friendships. See my “Life of Paine,” ii., 466.—*Editor*.

[*] This pledge and compact is contained in the declaration of rights prefixed to the constitution [of Pennsylvania], and is as follows:

I That all men are born equally free and independent, and have certain natural,

inherent and unalienable rights, amongst which are, the enjoying and defending life and liberty, acquiring, possessing and protecting property, and pursuing and obtaining happiness and safety.

II That all men have a natural and unalienable right to worship almighty God, according to the dictates of their own consciences and understanding: and that no man ought or of right can be compelled to attend any religious worship, or erect or support any place of worship, or maintain any ministry, contrary to, or against, his own free will and consent: nor can any man, who acknowledges the being of a God, be justly deprived or abridged of any civil right as a citizen, on account of his religious sentiments or peculiar mode of religious worship: and that no authority can or ought to be vested in, or assumed by, any power whatever, that shall in any case interfere with, or in any manner control, the right of conscience in the free exercise of religious worship.

III That the people of this state have the sole, exclusive and inherent right of governing and regulating the internal police of the same.

IV That all power being originally inherent in, and consequently derived from, the people; therefore, all officers of government, whether legislative or executive, are their trustees and servants, and at all times accountable to them.

V That government is, or ought to be, instituted for the common benefit, protection and security of the people, nation or community; and not for the particular emolument or advantage of any single man, family, or set of men, who are a part only of that community: and that the community hath an indubitable, unalienable and indefeasible right to reform, alter or abolish government in such manner as shall be by that community judged most conducive to the public weal.

VI That those who are employed in the legislative and executive business of the state may be restrained from oppression, the people have a right, at such periods as they may think proper, to reduce their public officers to a private station, and supply the vacancies by certain and regular elections.

VII That all elections ought to be free; and that all free men having a sufficient evident common interest with, and attachment to the community, have a right to elect officers, or to be elected into office.

VIII That every member of society hath a right to be protected in the enjoyment of life, liberty and property, and therefore is bound to contribute his proportion towards the expense of that protection, and yield his personal service when necessary, or an equivalent thereto; but no part of a man's property can be justly taken from him, or applied to public uses, without his own consent, or that of his legal representatives: nor can any man who is conscientiously scrupulous of bearing arms, be justly compelled thereto, if he will pay such equivalent: nor are the people bound by any laws, but such as they have in like manner assented to, for their common good.

IX That in all prosecutions for criminal offences, a man hath a right to be heard by himself and his counsel, to demand the cause and nature of his accusation, to be confronted with the witnesses, to call for evidence in his favour, and a speedy

public trial, by an impartial jury of the country, without the unanimous consent of which jury he cannot be found guilty: nor can he be compelled to give evidence against himself; nor can any man be justly deprived of his liberty, except by the laws of the land, or the judgment of his peers.

X That the people have a right to hold themselves, their houses, papers, and possessions free from search or seizure; and therefore warrants without oaths or affirmations, first made, affording a sufficient foundation for them, and whereby any officer or messenger may be commanded or required to search suspected places, or to seize any person or persons, his or their property, not particularly described, are contrary to that right, and ought not to be granted.

XI That in controversies respecting property, and in suits between man and man, the parties have a right to trial by jury, which ought to be held sacred.

XII That the people have a right to freedom of speech, and of writing and publishing their sentiments: therefore the freedom of the press ought not to be restrained.

XIII That the people have a right to bear arms for the defence of themselves and the state—and as standing armies, in the time of peace, are dangerous to liberty, they ought not to be kept up—and that the military should be kept under a strict subordination to, and governed by, the civil power.

XIV That a frequent recurrence to fundamental principles, and a firm adherence to justice, moderation, temperance, industry and frugality are absolutely necessary to preserve the blessings of liberty and keep a government free—the people ought therefore to pay particular attention to these points in the choice of officers and representatives, and have a right to exact a due and constant regard to them, from their legislators and magistrates, in the making and executing such laws as are necessary for the good government of the state.

XV That all men have a natural inherent right to emigrate from one state to another that will receive them, or to form a new state in vacant countries, or in such countries as they can purchase, whenever they think that thereby they may promote their own happiness.

XVI That the people have a right to assemble together, to consult for their common good, to instruct their representatives, and to apply to the legislature for redress of grievances, by address, petition, or remonstrance.—*Author.*

[*] Mr. M'Clenaghan being now returned from Europe, has my consent to show this letter to any gentleman who may be inclined to see it.—*Author.*

[†] Colonel Tennant, aid to general Lincoln, arrived the 14th of June, with despatches of the capitulation of Charleston.—*Author.*

[*] Minutes of the assembly, March 21, 1785. Petitions from a considerable number of the inhabitants of *Chester* county were read, representing that the bank established at *Philadelphia* has fatal effects upon the community; that whilst men are enabled, by means of the bank, to receive near three times the rate of common interest, and at the

same time receive their money at very short warning, whenever they have occasion for it, it will be impossible for the husbandman or mechanic to borrow on the former terms of legal interest and distant payments of the principal; that the best security will not enable the person to borrow: that experience clearly demonstrates the mischievous consequences of this institution to the fair trader; that imposters have been enabled to support themselves in a fictitious credit, by means of a temporary punctuality at the bank, until they have drawn in their honest neighbours to trust them with their property, or to pledge their credit as sureties, and have been finally involved in ruin and distress; that they have repeatedly seen the stopping of discounts at the bank operate on the trading part of the community, with a degree of violence scarcely inferior to that of a stagnation of the blood in the human body, hurrying the wretched merchant who hath debts to pay into the hands of griping usurers: that the directors of the bank may give such preference in trade, by advances of money, to their particular favourites, as to destroy that equality which ought to prevail in a commercial country; that paper money has often proved beneficial to the state, but the bank forbids it, and the people must acquiesce: therefore, and in order to restore public confidence and private security, they pray that a bill may be brought in and passed into a law for repealing the law for incorporating the bank.

March 28. The report of the committee, read March 25, on the petitions from the counties of *Chester* and *Berks*, and the city of *Philadelphia* and its vicinity, praying the act of the assembly, whereby the bank was established at *Philadelphia*, may be repealed, was read the second time as follows—*viz.*

The committee to whom was referred the petitions concerning the bank established at *Philadelphia*, and who were instructed to inquire whether the said bank be compatible with the public safety, and that equality which ought ever to prevail between the individuals of a republic, beg leave to report, that it is the opinion of this committee that the said bank, as at present established, is in every view incompatible with the public safety—that in the present state of our trade, the said bank has a direct tendency to banish a great part of the specie from the country, so as to produce a scarcity of money, and to collect into the hands of the stockholders of the said bank, almost the whole of the money which remains amongst us. That the accumulation of enormous wealth in the hands of a society, who claim perpetual duration, will necessarily produce a degree of influence and power, which cannot be intrusted in the hands of any set of men whatsoever, without endangering the public safety. That the said bank, in its corporate capacity, is empowered to hold estates to the amount of ten millions of dollars, and by the tenor of the present charter, is to exist forever, without being obliged to yield any emolument to the government, or to be at all dependent upon it. That the great profits of the bank which will daily increase as money grows scarcer, and which already far exceed the profits of European banks, have tempted foreigners to vest their money in this bank, and thus to draw from us large sums for interest.

That foreigners will doubtless be more and more induced to become stockholders, until the time may arrive when this enormous engine of power may become subject to foreign influence; this country may be agitated with the politics of European courts, and the good people of America reduced once more into a state of subordination, and dependance upon some one or other of the European powers. That at best, if it were even confined to the hands of Americans, it would be totally destructive of that equality which ought to prevail in a republic. We have nothing in our free and equal government capable of balancing the influence which this bank must create—and we see nothing, which in the course of a few years, can prevent the directors of the bank from governing Pennsylvania. Already we have felt its influence indirectly interfering in the measures of the legislature. Already the house of assembly, the representatives of the people, have been threatened, that the credit of our paper currency will be blasted by the bank; and if this growing evil continues, we fear the time is not very distant, when the bank will be able to dictate to the legislature, what laws to pass and what to forbear.

Your committee therefore beg leave further to report the following resolution to be adopted by the house—*viz.*

Resolved, that a committee be appointed to bring in a bill to repeal the act of assembly passed the 1st day of April, 1782, entitled, “An act to incorporate the subscribers to the bank of North-America:” and also to repeal one other act of assembly, passed the 18th of March, 1782, entitled, “An act for preventing and punishing the counterfeiting of the common seal, bank bills and bank notes of the president, directors and company, of the bank of North-America, and for the other purposes therein mentioned.”—*Author.*

[*] Constitution, sect. 15th.—*Author.*

[*] The petitions say, “That they have frequently seen the stopping of discounts at the bank operate on the trading part of the community, with a degree of violence scarcely inferior to that of a stagnation of the blood in the human body, hurrying the wretched merchant who hath debts to pay into the hands of griping usurers.”

As the persons who say or signed this live somewhere in Chester county, they are not, from situation, certain of what they say. Those petitions have every appearance of being contrived for the purpose of bringing the matter on. The petitions and the report have strong evidence in them of being both drawn by the same person: for the report is as clearly the echo of the petitions as ever the address of the British parliament was the echo of the king's speech.

Besides the reason I have already given for occasionally stopping discounting notes at the bank, there are other necessary reasons. It is for the purpose of settling accounts: short reckonings make long friends. The bank lends its money for short periods, and by

that means assists a great many different people: and if it did not sometimes stop discounting as a means of settling with the persons it has already lent its money to, those persons would find a way to keep what they had borrowed longer than they ought, and prevent others being assisted. It is a fact, and some of the committee know it to be so, that sundry of those persons who then opposed the bank acted this part.

The stopping the discounts do not, and cannot, operate to call in the loans sooner than the time for which they were lent, and therefore the charge is false that “it hurries men into the hands of griping usurers:” and the truth is, that it operates to keep them from them.

If petitions are to be contrived to cover the design of a house of assembly, and give a pretence for its conduct, or if a house is to be led by the nose by the idle tale of any fifty or sixty signers to a petition, it is time for the public to look a little closer into the conduct of its representatives.—*Author*.

[*]Leland's History of Ireland, vol. iv. p. 265.—*Author*.

[1]It is a curious indication of the tension caused by the bank controversy that a man of Quaker training could make such a statement as the above. A few years later Paine is found advocating abolition of the death-penalty, even for treason against the state, for which some would reserve it.—*Editor*.

[1]The reader may be reminded of the humorous scene in Goethe's “Faust,” Part Second, where Mephistopheles fills the empty Treasury by simple expedient of a printing-press, and the Court fool shows his sagacity by hastening to spend all the paper money he possesses.—*Editor*

[1]It was generally admitted that Paine's pamphlet was the means of defeating the Assembly's effort to repeal the charter of the Bank of North America, and the author suffered some martyrdom in consequence. Dr. Franklin believed that Paine could successfully deal with the subject and was not disappointed. See my “Life of Paine,” vol i., pp. 213, 215, and ii., p. 466.—*Editor*.