NEW-YORK TRIBUNE.

NEW-YORK, SATURDAY, JAN. 6.

☞ Advertisements for *The Tribune* of Monday ought to be sent in before 10 o'clock on Saturday evening, as the Publication Office of this paper is not open on Sundays.

Persons wishing *The Tribune* left at their dwellings or places of business regularly every morning will please leave their address at the Publishing office, or send a note through the Post Office. Terms, 12½ cents a week, payable to the Carrier.

LETTERS FROM EUROPE.—We have received several letters from our Paris Correspondents, by the *Hermana*, of a date previous to those sent by the *Europa*, but still containing interesting particulars of European politics. We shall give them to our readers as soon as space will permit.

DEFERRED.—Among the articles crowded out this morning is a report of the annual meeting of the Female Department of the Prision Association, embracing sketches of the speeches of L. F. A. Buckingham and Moses G. Leonard, Esq.

Individual Liability of Corporators.

WASHINGTON, Thursday, Jan. 4.

Congress is the Legislature of this District, and has in former years passed a few acts of incorporation for strictly business purposes—among them one incorporating a steamboat or ferry company to run steamboats between this city, Georgetown and Alexandria. This act having expired by limitation, a bill renewing it for a farther term of twenty years, subject to the express power of Congress to modify or repeal it, has been considered and passed in the Senate, and to-day came up for concurrence in the House, when Mr. THOMAS (Loco) of Tenn., moved a section embodying the principle of Individual Liability of Stockholders to the fullest extent. According to this provision, a man who had taken a share in the company as the only payment he could get on a bad debt—a widow to whom some well-meaning relative should give or bequeath a share of this stock to help her feed and clothe her children—an orphan to whom some shares of this stock may have been left by a deceased parent—any or all of these might be stripped of their last shilling and buried hopelessly in debt by an insolvency of the company which they had no hand in causing, and no power of averting. A citizen taking a single share in the company, for the sake of establishing the ferry, when he would rather have it established without his help if possible, might be stripped in a moment of the hard-earnings of a life of frugal industry, by the failure of this steamboat company. Nay, Mr. Thomas's proposition was even worse than this; for it authorized any person obtaing judgment and execution against the company, to levy upon and satisfy his demand from the property of any individual stockholder; and thus a fraudulent confession of judgment by the managing officer of the company, might involve in pecuniary ruin hundreds entirely innocent of wrong, without giving them a chance to be heard in their own defence!

The object of such a clause cannot be mistaken. It is deliberate war upon the whole system of Associated Enterprise which is the glory of our age and the mainspring of our Industrial and Social Progress. Under such a system of Corporate Liability, Rich and Poor will not combine their means and efforts for mutual advantage, because the terms are most unequal. Two neighbors, one worth $1,000, the other $100,000, are solicited to take stock in a Plank Road, Bridge or Steamboat Company, which will greatly conduce to the public advantage. They are willing to do so on fair terms; but the wealthier says, 'I ask equal risks 'for equal chances. If the enterprise succeeds, 'I make no more than you; if it fails, I lose a 'hundred times what you do. I choose, therefore, to keep by myself or associate only with 'those as rich as I am.'—And so works of great public moment are doomed, or are prosecuted only when the wealthy are ready to accomplish them by private enterprise.

Attempts were made to modify this so as to substitute what is known in New-York legislation as the 'Oriskany Clause,'—that is, a liability of each stockholder to double the amount of his stock—but this was defeated, and the question taken on the naked proposition of Thomas, with the following result:

YEAS—Bayly, Bedinger, *Belcher*, Bingham, Birdsall, Bocock, Bowlin, Bridges, Brodhead, W. G. Brown, C. Brown, A. G. Brown, F. Clark, B. L. Clark, W. R. W. Cobb, *Cocke*, Collins, Cummins, Daniel, Darlinton, Dickson, Faran, Featherston, French, Fries, W. P. Hall, Harmanson, Harris, Henley, Hill, G. S. Houston, Inge, C. J. Ingersoll, *Irvin*, Jamieson, Jenkins, A. Johnson, J. H. Johnson, R. W. Johnson, G. W. Jones, Kaufman, Kennon, Jr. Lahm, La Sere, S. Lawrence, Leffler, Ligon, Lord, Lumpkin, McDowell, McKay, McLane, J. Mann, Miller, Morris, Morse, Newell, Pease, Peck, Peloton, Peyton, Phelps, Pillsbury, Richardson, Richey, Robinson, Rockhill, Sawyer, Simpson, Smart, R. Smith, Stanton, Starkweather, Stuart, Strong, Thomas, James Thompson, Jacob Thompson, R. A. Thompson, W. Thompson, Thurston, *Tompkins*, Turner, Venable, Wallace, Wentworth, Wick, Wiley, Williams.

Whigs in *Italics*, 89; all the rest Loco-Focos.

NAYS—Abbott, Adams, Barrow, Blackmar, Botts, Boyden, Brady, Buckner, *Burt*, Butler, Cabell, Canby, Chapman, Clingman, Collamer, Conger, Cranston, Crisfield, Crowell, Dickey, Dixon, Donnell, Duer, Dunn, Eckert, Edwards, Embree, A. Evans, W. Evans, Farrelly, Fisher, Fournoy, Freedley, Fulton, Gaines, Giddings, Goggin, Gott, Gresley, Gregory, Grinnell, N. K. Hall, M. Hampton, Henry, Hilliard, E. B. Holmes, J. W. Houston, Hubbard, Hudson, Hunt, J. R. Ingersoll, D. P. King, W. T. Lawrence, Lincoln, McIlvaine, Marsh, Marvin, Morehead, Mullin, *Murphy*, Nelson, Nes, Nicoll, Palfrey, Pendleton, Petrie, Pollock, A. Preston, J. A. Rockwell, Roman, Root, Rumney, St. John, Schenck, Sheppard, Sherrill, Silvester, C. B. Smith, T. Smith, Strohm, Taylor, R. W. Thompson, J. B. Thompson, Toombs, Tuck, Van Dyke, Vinton, Warren, White, Wilson, Woodward.

Locos *Italics*, 91; all the rest Whigs.

—Thus a most suicidal and unjust proposition was defeated by barely *two* majority, upon almost a clear party division: Will not the friends of Associated Enterprise throughout the country mark the division?

The State and Labor.

Gov. FISH's recommendation in his Message of an Agricultural and Mechanical School will we trust be favorably and decisively acted upon by the Legislature. A good School of Practical Industry and the Useful Arts would be immensely valuable to our People in many different ways: first, in organizing a corps of Teachers, whose lectures and counsels would benefit not merely nor mainly their immediate pupils, but, being clothed with something of authority, would be reiterated and reflected by the Press, until they would be disseminated through nearly every school district in the State; secondly, in training up a body of youth for exemplars and leaders of Agricultural and Mechanical improvement in their various counties and neighborhoods; thirdly, in diffusing among our rising generation a higher and truer idea of the dignity and power of well-directed Manual Labor. Such a school, wisely organized and fitly officered, would be worth many times its cost, and its value would increase with each year of its existence. We trust the School will be provided for by the present Legislature, and that the utmost care and impartiality will be exhibited in the selection of its Faculty.

But even such a School does not look to the end of what we deem the duty of the State with regard to Labor. In our view, Industry should be the first care and the improvement of its methods and productiveness the deepest concern of the Statesmen. Education, Finance, Currency, Trade, Intercommunication, are all important; but Industry is the broad base of them all. We would like to see this truth practically recognized in the Constitution and policy of the State. A DEPARTMENT OF INDUSTRY in the Executive and Committees on the Rights and Interests of Labor in the Legislative branches of the Government seem demanded by the genius of Republican Institutions. We see no reason why such Committees should not be created without farther delay.

To a Department of Industry the chief objection would be the proneness to a multiplication of offices and the necessity for resisting that tendency. But it would suffice for a beginning to create a Bureau of Industry in the Department of State, appointing but a single additional officer to preside over that Bureau, and making it his special duty to collect and arrange from day to day all the transpiring statistics of Production, and to ascertain and scrutinize every invention, improved process and notable achievement in any department of useful Labor. Of these he might from time to time—say monthly—make a condensed report, not exceeding one to two average newspaper columns, and communicate the same to the various journals willing to publish it for its own sake, so as to secure its simultaneous appearance in them all. Such a report, from an officer of known capacity and integrity, would command prompt and general attention, and the ready and general conformity to its suggestions would mark an era in Industrial Progress before unimagined. This Bureau would naturally expand into a distinct Department as soon as the mass of the People, from a practical experience of its benefits, should unite in demanding their extension. For the honor of the Empire State, we trust she may lead the way in this as she has already done in so many strides of improvement, and be the first to organize a Bureau and Department of Industry.

Reform in Congress—The Back Track.

Correspondence of The Tribune.

WASHINGTON, Thursday, Jan. 4.

This day has witnessed the consummation in the House of what seems to me a most iniquitous if not fraudulent waste of the Public Money to subserve personal and unworthy ends—a vote which, though the sum it immediately draws from the Treasury may be but ten or fifteen thousand dollars, will, in its natural influences and consequences, take from the hard hands of Labor and squander upon the favorites of Power many Millions. Let me give its history:

At the former Session of this present Congress, the able Committee of Ways and Means, headed by Mr. VINTON of Ohio, reported that the compensation hitherto allowed to the Messengers appointed by the Electoral Colleges of the several States to bear their respective Votes for President and Vice-President to Washington, was too high, in view of the extraordinary expediting and cheapening of travel since that compensation was settled, and proposed a reduction to 25 cents per mile (12½ cents each way). This retrenchment was opposed, discussed, considered, and finally adopted by a decided vote, thus becoming a part of the law of the land under and in full view of which the post of Messenger was eagerly sought in every State by a number of anxious competitors. There has been no shadow of a case in which the insufficiency of the Mileage has interposed an obstacle to the procurement of capable and responsible men to discharge the duty. And, so far from any murmuring at the inadequacy of the compensation, at a meeting of the Messengers called by public notice in the newspapers of the City, at a time when most of them were in the City, a memorial was adopted applauding the reduction, pronouncing the new Mileage sufficient, and urging Congress to persevere in the good work of Retrenchment and Reform.

Thus stood matters when the Congressional Mileage Expose through The Tribune made it appearance, stirring up a bit of a sensation. It was now apparent that the Mileage of Congress would have to be reformed, or that of the Messengers restored, or the People would want to know why. But the retrenchment of Congressional Mileage was exceedingly distasteful to many, and the most expedient alternative was the restoration of that of the Messengers. Accordingly, a Joint Resolution was promptly submitted to the Senate doubling the Mileage of Messengers, and it went through that exalted body very quickly and easily. I had not noticed that it had been definitively acted on at all until it made its appearance in the House to-day, and was driven through with indecent rapidity well befitting its character. No Committee was allowed to examine it, no opportunity was afforded to discuss it, but by whip and spur, Previous Question and brute force of numbers it was rushed through the necessary stages, and sent to the President for his sanction. The details of this proceeding will be given in another letter, and I exhort every friend of frugal and pure government to scrutinize carefully the Yeas and Nays. They will repay preservation for future reference.

—Now let us look one moment at the *justice* and reasonableness of this double-payment for services already rendered for a well known and I contend ample compensation: The Messenger from MAINE, for instance, brings the vote of his State 590 miles (from Augusta) by the shortest Mail Route, and need not be more than eight days absent from his business, at an expense certainly not exceeding $60 in all. The reduced compensation under the act of last Winter was $148 75, paying his expenses and giving him $11 per day over. Is not that enough?

The Messenger from ALABAMA travels 818 miles (estimating by the shortest Post Routes) and may have to be absent from his business at the outside eighteen days, at an expense of $120. His allowance under the Retrenchment was $204 50, or $104 50 above his necessary expenses. There was no lack of aspirants for the post at that rate. I believe his is the hardest case of any.

The Messenger from ARKANSAS travels 1,065 miles by the shortest Mail route and receives $266 25 for the job. He finds good and cheap Steamboats and Railroads all the way, and may certainly be at home within three weeks after starting, with half the money in his pocket. Yet Congress votes him $266 25 *more* than he was eager to take the job for.

[I assume throughout that the distance traveled is estimated by the shortest Mail Route. If the Congressional circles are charged by, the emoluments are in each case much greater.]

Yet Congress precipitately votes to double the stipulated compensation of all these Messengers, and of their successors hereafter. The purpose of this vote cannot be mistaken. It is a bold defiance to the demand for a Reduction of Congressional Mileage. It says to every demand for Retrenchment, 'Shut up! or we will be more ex'travagant and reckless than we should have been 'had you never spoken!'—I commend the whole subject to the sober reflection of the People. They have a chance to consider and discuss it which cannot be cut off by the Previous Question.

MASSACHUSETTS.—The *Boston Atlas* of yesterday has the following returns of the late Election for Congressmen:

SECOND DISTRICT

Nov.	King, W.	5279	Rantoul, D.	5203	Stetson, F. S. 4025
Jan.	King, W.	4292	Rantoul, D.	4164	Newhall, F. S. 1847

Lincoln to hear from, which, in November, gave 55 majority against King. Mr. K's majority in the District will be about 800.

FOURTH DISTRICT

Nov.	Thompson, W.	5170	Robinson, L.	3302	Palfrey, F. S. 3616
Jan.	Thompson, W.	3126	Robinson, L.	1326	Palfrey, F. S. 4949

Maj. against Palfrey, 88; do. in Nov. 3,192; gain, 3,074.

NINTH DISTRICT

Nov.	Fowler, W.	3170	Hooper, L.	1445	Morton, F. S. 3038
Jan.	Fowler, W.	3140	Hooper, L.	1414	Morton, F. S. 2130

Maj. for Fowler 235.

FLORIDA.—The Legislature of Florida have appointed the 1st of Jan. 1849, as the day on which to proceed to the election of a United States Senator, to succeed Hon. James D. Westcott, whose term will expire on the 4th of March next.

Balances of War Appropriation.

In the Senate on Thursday last the following was received from the War Department:

Amount applicable to the service of the fiscal year 1847-'48, as per fourth return	$43,931,642 06
From which deduct amount of refunding and transfer requisitions	3,301,770 62
Will show the amount actually applicable to the above period	40,629,871 44
From which deduct amount drawn by requisition from the Treasury	$32,576,681 43
From which last sum deduct amount drawn by refunding and transfer requisitions	3,801,770 62
	29,274,910 81
Will leave the aggregate on the 30th June, 1848	11,344,960 63

ALBION K. PARRIS, Controller.

TREASURY DEPARTMENT,
Second Controller's Office, Dec. 29, 1848.

SUPREME COURT OF THE UNITED STATES.—*Thursday*, Jan. 4, 1849.—No 21. Thomas Henderson, et al. plaintiffs in error, vs. the State of Tennessee. This cause was argued by Messrs. Green and Eaton for the plaintiffs in error, and by Mr. Crozier for the defendant in error.....No. 23. William S. Bodley, et al. appellants, vs. William M. Goodrich. This cause was submitted to the Court on the record and printed argument by Mr. Reid for the appellee.....No. 24. James Erwin, plaintiff in error vs. Alfred J. Lowry, curator, &c. The argument of this cause was commenced by Mr. Brent for the plaintiff in error.—Adjourned.

By Telegraph to the New-York Tribune.

Thirtieth Congress.

SENATE....WASHINGTON, Friday, Jan. 5.

PRELIMINARY BUSINESS.

The Senate assembled at the o'clock, the Vice President in the chair. Prayer by the Chaplain.

MEMORIALS AND PETITIONS.

Several memorials and petitions were presented which took the usual course.

IMPROVEMENT OF NEW-YORK HARBOR.

Agreeable to previous notice Mr. DIX asked and obtained leave to bring in a bill, which was read the first and second times, providing for the improvement of New-York Harbor and the removal of obstructions in Hurlgate.

GRANT OF LANDS.

Mr. BORLAND, from the Committee on Public Lands, reported a bill in favor of granting a Reservation of Land to the State of Arkansas.

Mr. ATCHISON of Mo. agreeably to previous notice, brought in a bill providing for a grant of land and right of way for a Railroad in Missouri, which was read twice.

REPORTS OF STANDING COMMITTEES.

Several reports were made from Standing Committees, which were of no general interest.

PURCHASE OF CUBA.

On motion the Senate proceeded to the consideration of a resolution, previously offered by Mr. MILLER, calling on the President of the United States to communicate to the Senate any correspondence had with the Government at Spain for the purchase of the Island of Cuba.

Mr. MILLER said that he did not wish to detain the Senate, but would proceed to offer a few remarks in explanation of his motives for bringing the subject to the notice of the Senate.

During his remarks Mr. RUSK interrupted him and said that he wished to ask a question. "Does the Senator from New-Jersey suspect that such a correspondence is now going on between the two Governments in reference to the sale and purchase of Cuba?"

Mr. MILLER.—I do.

Mr. FOOTE said, if negotiations are going on for the said purchase, will the Senator oppose the annexation of Cuba?

Mr. MILLER.—I will oppose it under all circumstances, in all places and on all occasions.

Mr. FOOTE.—The Senator, I am sorry to say, will be in an awkward position three months hence, for Gen. Taylor is most decidedly in favor of the annexation of Cuba.

A motion was here made by Mr. RUSK to lay the resolution on the table, which was objected to, but the Senate overruled the objection, and the motion was taken up and decided in the affirmative, by Yeas 24, Nays 19.

EXECUTIVE SESSION.

The Senate then went into Executive session, and the doors were closed.

HOUSE OF REPRESENTATIVES.

The House assembled at the usual hour, when the Speaker resumed his seat, and called the members to order. After prayer and the reading of the Journal of yesterday, several memorials and petitions were presented and referred.

CONTESTED ELECTION.

Mr. BOYDEN of N. C. made a Report from the minority of the Committee on Elections against Mr. SISLEY's right to a seat in the House. The Report was on motion laid on the table and ordered to be printed.

Mr. HAMMOND of Md. moved that the House go into Committee of the Whole and take up the Private Calendar, which was lost.

PRIVATE CLAIMS BOARD.

On motion of Mr. ROCKWELL of Conn. the House resolved itself into a Committee of the Whole on the state of the Union, Mr. BURT of S. C. in the chair, and took up the bill to establish a Board of Commissioners to settle private claims against the Government.

Mr. STRONG of Pa. advocated the bill, though he wished it to be amended in several particulars.

Mr. MEADE followed in an able argument in favor of the bill, and spoke against the present objectionable mode of settling private claims, which often caused the greatest delay and injustice to claimants.

Mr. BOWLIN of Mo. next obtained the floor, and took a stand against the bill. He said that it would be a base abandonment of the Public Treasury to the keeping of the new Board of Commissioners with jurisdiction over the Public Funds.

Mr. SCHENCK of O. followed in an able argument in favor of changing the present system of settling claims. He was very sarcastic upon Mr. BOWLIN.

On motion, the Committee rose, and the House adjourned.

NEW-YORK LEGISLATURE.

See Outside for Morning proceedings.

SENATE....ALBANY, Friday, Jan. 5.

In the Senate nothing farther of importance was transacted, and the Senate adjourned.

ASSEMBLY.

The Joint Resolutions respecting Slavery in the new Territories received from the Senate were announced to be in order.

Mr. CLARK moved a Committee of the Whole. He urged speedy action have the proper effect at Washington.

The Assembly then went into a Committee of the Whole, but without debating the question rose, the Resolutions not being printed.

The Governor's Message was next referred to various Committees.

A memorial was presented, praying the Legislature to grant a charter for the Astor Library Association in the City of New-York, which was referred to a Select Committee with instructions to report a bill.

Notices of bills were given for securing the par redemption of the bills issued by the Banks in the interior, and for their redemption in the City of New-York. A notice of a bill was also given to incorporate a People's Savings Bank in said city.

Senate Nomlautions for U. S. Senator.

HARRISBURG, Friday, Jan. 5.

Simeon Cameron, Jas. Cooper, Thaddeus Stephens, *Geo. W. Woodward*, H. M. Phillips, Josiah Randall, *R. Brodhead*, John Sergeant, W. M. Meredith, Henry King. [Locos in *Italics*.]

HARRISBURG, Friday, Jan. 5—8 P. M.

The Loco-Foco caucus has nominated Mr. Jack as Clerk, Mr. McCleary Sergeant-at-Arms, Mr. Belgler Door-Keeper, and Mr. Frank Messenger.

Cholera—Mr. Clay at Natchez.

CINCINNATI, Friday, Jan. 5.

A dispatch from New-Orleans says there were only sixty-nine deaths from Cholera reported in the city to noon of the 2d inst. There had been a favorable change in the weather, and the Cholera was evidently decreasing: the thermometer stood at 31°.

Vicksburg and Memphis are healthy.

Mr. Clay is at Natchez.

The River and Weather.

PITTSBURGH, Friday, Jan. 5.

There are five feet six inches water in the channel. The weather is very cold. Business generally is very dull; prices unchanged. If the present weather continue long, the River must close.

Weather.

HARRISBURG, Friday, Jan. 5.

No cars from Philadelphia since Wednesday night. The road is covered with snow-drifts. The mail is conveyed in sleighs to Lancaster City. The cars from Philadelphia are 24 hours on the road, and not half way to Lancaster. The Philadelphia train is out the same time, and has not reached Lancaster.

The Governor's Message will be delivered to-morrow.

Mails—Weather.

BALTIMORE, Friday, Jan. 5—P. M.

The mail this evening from the South brings no papers from beyond Washington. The immense quantities of ice in the Potomac doubtless prevents its reception. The weather is intensely cold.

Notice to Mariners—New Light-House.

"The Royal Marine Board hereby announce the erection, during the past summer, of a new *light-house*—which was lighted for the first time on the 11th of the present month—on the rock *Underoren*, in the bay of Alornel, in north latitude 60 deg. 46 min. and longitude 37 deg. 4 min. 30 sec. east of Ferroe, or 18 deg. 34 min. 45 sec. *east of Greenwich*. In the tower, which is white, and rises (eighty feet) above the water, is placed a revolving light which illuminates the whole horizon from NNW.½ W., East and South, to WSW. by the compass, and can be discerned, in clear weather, from an ordinary ship's deck, at the distance of 3½ German (14 English) miles.

"The 'Beacon' heretofore standing on Understen has been removed, leaving nothing on the summit of the rock but the *White Tower* mentioned, and two houses, both of which latter are painted *red*.

"Stockholm, Nov. 17, 1848."

PENNSYLVANIA.—*Harrisburg, Jan. 4.*—Governor Johnston has appointed Cornelius Darragh of Pittsburgh, Attorney General, in the place of Mr. Cooper, resigned.

The Loco State Committee have resolved to hold the State Convention to nominate Canal Commissioner, at Pittsburgh on the 4th of July next.

GEN. TAYLOR AND WESTERN RIVERS.—We understand that Mr. Thomas Allen, of this city, having called Gen. Taylor's attention to the condition of our Rivers and the necessity of their improvement, has received a reply which will prove highly satisfactory to those interested in the commerce and navigation of the Mississippi Valley. The General answers Mr. A. that he is well aware of the importance of the subject, and that, at a proper time, it will be favorably considered and acted upon. [St. Louis Republican.

LOSSES BY FIRE.—The *Boston Traveller* states that the losses by fire in that city in 1848, amounted to $316,500, on which there was an insurance of $200,722. The loss in 1847 was $156,344; insurance $84,349. Increase of loss in 1848, $191,456; increase of uninsured loss, $43,074. The loss in 1846 was $187,361, and the insurance $115,941.

FATAL AFFRAY.—On Monday evening last eight or ten men were collected at a horse racing near Wm. S. Sutton's living about two miles beyond Cairo, in this county, which terminated in a general row and the death of Isam Sutton, one of the party. W. Marks, who inflicted the wound which caused Sutton's death, made his escape. [Henderson Kentuckian, 23d.

☞ According to a report transmitted to the Legislature by the Governor, it appears that during the year 1848 Governor John Young has reprieved two persons sentenced to be hanged, pardoned 105 persons sentenced to the State Prisons for various terms, and pardoned 32 persons sentenced to the local prisons.

The Controller's Report.

From the Albany Evening Journal.

The Annual Report of the Controller was communicated to the Legislature to-day. It is a document of much more than ordinary interest, from which, when printed, we shall obtain much useful information.

In the meantime we must be content to-day, with copying that part of the Report which relates to the subject of Banking. To this subject Mr. Fillmore has devoted time, thought and research. He has examined both of the existing Banking Systems with impartiality and calmness, and submits, frankly and firmly, the results and conclusions at which he has arrived.

The suggestions made to other States, with a view to the ultimate establishment of a uniform currency flowing from harmonious but independent Institutions, will attract immediate, and we doubt not, in many States, favorable consideration.

But we will let the CONTROLLER speak for himself:

There are now two systems of banking carried on in this State. One called the *Safety Fund System*, which was first authorized in 1829. Every bank belonging to this system has received a special act of incorporation from the Legislature. These charters were for a limited period, generally having about twenty years to run. There are seventy-eight of these banks and twenty branches now in operation, with an aggregate capital of $20,628,000. The charters of some of them will expire in each year until 1866, when the last will terminate.*

This system was regulated by a general law, (L. of 1829, ch. 243) which was incorporated into every charter, by which each Bank was required to have all its capital paid in before it commenced business, and it was also required annually to contribute one-half of one per cent. upon its capital to a common fund, deposited with the State Treasurer until such fund should amount to 3 per cent. upon the capital of each Bank, which fund was denominated the "*Bank Fund*," and was to be applied to the payment of the debts of any insolvent Bank contributing to the same, and in case the fund was at any time diminished by payments from it, the Banks were again required to make their annual contributions, till each had in deposit the 3 per cent. on its capital stock. This fund, in common parlance, has been called the "*Safety Fund*," which has finally given name to the system.

Another feature of this system was, that three Bank Commissioners were to be appointed, with large powers, to supervise and inspect the several Banks of the State, as representing the whole people, and the Banks of a certain district which included the City Banks, and the Banks of another district which included all the other Country Banks, each presumed to have antagonistic interests, were to be represented in this Commission. It was supposed that each would be a check upon the other. To effect this, the Governor and Senate were to appoint one Commissioner, and the Banks in the southern part of the State another, and the remaining Banks a third. Whether this mode of appointment was found not to answer the expectations of the original projectors, or the dominant party desired to use this power as a political engine, is unknown to the Controller, but the law was changed in 1827, (ch. 74,) so as to give the appointment of all three to the Government and Senate.

This, of course, brong them within the vortex of the great political whirlpool of the State, and the place was sought for and conferred upon partizan aspirants, without due regard in all cases to their qualifications to discharge the delicate tarst committed to them. This state of things, under the administration of both the great political parties of the State, continued until 1843, when the Legislature abolished the office, and conferred the power of examining these banks upon this Department, whenever there was reason to suspect that a bank had made an incorrect report, or was in an unsafe or unsound condition to do banking business.

The Free Bank System, as it is styled, was established in 1838, (ch. 260.) By this system every individual and association was authorized to engage in the business of banking, and on depositing with the Controller the stocks of the United States, or of any State which should be, made equal to a five per cent stock, or such stocks, and bonds and mortgages to the same amount or less, on improved, productive, and unincumbered real estate, worth double the amount secured by the mortgage, over and above all buildings thereon, and bearing an interest of at least six per cent per annum, the Controller was required to deliver to such individual, or association, an equal amount of bank notes for circulation, duly numbered, registered, and countersigned in his office.

Associations under this law were a species of corporation. They could contract, sue and be sued in the names of their President, and the shares were transferable at the pleasure of the shareholders, who were not liable in their individual capacity for the debts of the Association. But there was nothing in the act that required individual bankers to deposit any particular amount of securities before they commenced banking. The country was then flooded with stocks from almost every State, and the consequence was that numerous banks sprung into existence under this law. Repudiation soon followed. Many States that did not repudiate failed to meet their obligations, confidence was impaired, credit was shaken, and stocks generally depreciated in the market; the consequence was that many banks failed, and the Legislature partially retrieved its error, in 1840 (ch. 363), by excluding all stocks except those issued by this State, and required those to be, or to be made equal to a five per cent. stock.

Finding the small banks unsafe, the legislature in 1844 required individual bankers to deposit securities to the amount of at least $50,000, and associations to the amount of $100,000, before they were entitled to any notes for circulation. The stringency of the money market in 1847, admonished the legislature that the security of these was not sufficient, and in 1848 they required the stocks deposited to be stocks of this State, and equal to a six per cent stock, and the bonds and mortgages to bear an interest of seven per cent. per annum, and that they should not be for an amount exceeding two-fifths of the value of the land covered by the mortgage. This is the *free bank system*, as it now stands, and it takes it name from the fact that it is *freely* permitted to embark in it who comply with the rules prescribed. It is no monopoly—no exclusive right granted by the legislature to a favored few—but is open to all who can give the requisite security.

Both of these systems have been in operation long enough to test their merits. It is presumed that no one would advocate the continuance of both. Two rival systems cannot exist without creating jealousies among those interested, and adding much to the complexity and labor of this department. The time has come when the Legislature must choose between them. That both have defects, no one can doubt. That some of these defects admit of a remedy is equally clear. Which then is or can be made the safest and best system under the Constitution as it now stands?

In order to determine this question properly, several things are to be taken into consideration, and the first is, what is the duty of the State in reference to banking? It should, doubtless, be desirable to create banks which should be able to discharge every obligation, not only to the bill holder, but to depositors, and all others to whom it should incur any liability. But this is impossible. The Safety Fund, which was intended to provide such security, would have been ample to redeem all the circulation of the banks which have failed, but it has been exhausted in paying depositors and other creditors of the insolvent banks, and is now mortgaged for all it will probably produce for eighteen years to come.

Thus, by attempting more than could be accomplished, the Legislature failed to secure the bill holder, which was in its power, and for the remaining eighteen years that some of these charters have to run, the Safety Fund yields him no security. It is apparent, then, that security for all liabilities cannot be provided, and the State is under no more obligation to attempt this impossibility than it would be the equally absurd one of making every merchant capable of meeting all the obligations he should incur.

It is humbly conceived the duty of the State in this case begins and ends with furnishing a good and safe currency for the people. To furnish this currency, so far as it consists of paper or credit, is an exclusive privilege granted by the State, and the State, and should take care that in granting it the people are secured from imposition and loss. Any man may receive deposites, or discount a note, or loan money, or draw a bill of exchange.

These, it is admitted, are banking operations. But they are open to all. Those who engage in them enjoy no exclusive privilege. But not so with those who are authorized to issue bank notes to circulate as money. This is a banking operation confined to the few. It is a prerogative enjoyed exclusively by the money kings of the country, and they should not enjoy it without giving the most ample security. This duty is justly imposed for the privilege which is granted.

Assuming, then, that the great object of legislation on this subject is to provide a sound currency by giving ample security to the bill holder, the question is how can this best be accomplished? It must be borne in mind that Safety Fund Banks derived much of their credit from the individuals who were incorporated. By granting a special charter in each case, the Legislature had it in its power in some measure to control this matter.

But there was an attendant evil that in the opinion of many outweighed the good. The practice of granting exclusive privileges to particular individuals, invited competition for these legislative favors. They were soon regarded as part of the spoils belonging to the victorious party, and were dealt out as rewards for partisan services.

This practice became so shameless and corrupt that it could be endured no longer, and in 1838 the Legislature sought a remedy in the General Banking law.—This was the origin of the Free Bank system. Since that time no Safety Fund bank has been chartered; and in 1846 the people set their seal of reprobation upon this practice of granting special charters for banks, by providing in the new Constitution, (Art 8, § 1,) that "the Legislature should have no power to pass any act granting any special charter for banking purposes, but that corporations or associations might be formed for such purposes under *general laws*."

Would it be safe, then, to provide by general law that voluntary associations of incorporations might be formed any where and by any persons for banking? The Controller thinks not.

Suppose they were required to pay in all their capital; and the most satisfactory proof should be required of this fact. Even that is no security to the bill holder. The capital paid in is left in the custody of those who pay it. They can withdraw it at pleasure. It would only be necessary for those who wished to practice a fraud upon the credulity of the community, and reap a golden harvest to associate together and form a bank, pay in a large capital, appoint one of their associates President, and another Cashier to take charge of it, prore to this department these facts, and obtain bills for circulation to an equal amount, and then pay them out for property easily transported—take their capital and leave for California, and in one week would be beyond the reach of process or the power of coercion.

But it has been suggested that each Bank might be required to deposit a certain amount, say 10 per cent, in the Treasury, to constitute a fund for the redemption of its bills. So far as this deposit goes it may be safe. It is on the principle of the Free Bank system. But if the deposit be intended for the redemption of that Bank only which makes the deposit, it is wholly inadequate. It is no more than the Banks under the old Safety Fund system paid to a General Fund. Their charters had twenty years to run. They paid half of 1 per cent. per annum, making in all 10 per cent. To say that one dollar is deposited as a security for the redemption of ten, is a mockery.

But it may be said that this shall constitute a common fund for the redemption of the bills of the insolvent banks only. Then, as many which are solvent, will not want it, there will be enough to redeem all the bills of those which shall prove insolvent. This is doubted. This fund, instead of being sufficient to redeem the notes of all insolvent banks, would probably for a time give just credit enough to the fraudulent associations which would be formed to enable them to get their notes in circulation, and then by withdrawing their capital, the more effectually defraud the community.—It is believed to be wholly inadequate for the object intended.

The Controller believes that the safest way to make a sound paper currency, is to have at all times ample security for its redemption in the possession of the State. In order to make this security ample, it should be not only sufficient in amount, but should be of such a nature that it may be readily converted into cash without loss. It is not enough that the security be ultimately good or collectable; delay in redeeming the circulation causes it to depreciate, and is almost as fatal to the poor man who cannot wait, as ultimate insolvency. He becomes at once the victim of the broker.

A bond and mortgage may be good; that is, the whole amount secured by them may be collectable. But the bill holder cannot wait for this. They must be convertible into cash by sale; and if for any reason this cannot be promptly done, they are not that kind of security which should be required. All the experience of this Department shows that bonds and mortgages are not the best security for this purpose, and while better security can be had, it is deeply to be regretted that they were ever received. The apprehension that there may be a defect of title, that the lands mortgaged may have been appraised too high, or that there may be some legal defense to a suit of foreclosure, all conspire to depreciate their value in the estimation of purchasers, when offered for sale at auction on the failure of a bank.

Capitalists are cautious about purchasing, and the consequence is that they have sometimes sold for less than twenty per cent. on the amount secured by them, and the average amount for which all have been sold, for the last ten years is only *sixty-seven and seventy-one hundredths* per cent. while the average amount for which the five per cent. stocks of this State have sold is ninety two eighty-six one hundredths per cent. or $92 86100 for every hundred dollars of stock. This shows that a six per cent stock, such as is now required, would doubtless have sold at par, and the bill holder would have received dollar for dollar for the circulation.

Should the country remain at peace, it cannot be doubted that the stocks of the United States will be a safe and adequate security. The Controller would therefore recommend that the law be so changed as to exclude bonds and mortgages from all *free* Banks which shall hereafter commence business, and to prevent the taking of any more from those now in operation, and to require that 10 per cent. per annum of those now held as security be withdrawn, and their places supplied by stocks of this State, or of the United States. If this recommendation be adopted, at the end of ten years the whole security will be equal to a 6 per cent. stock of this State, or of the United States, which it is presumed will be ample security for the redemption of all bills in circulation.

Could this system of banking be generally adopted in the several States, it can hardly be doubted that it would prove highly beneficial. It would create a demand for their own State stocks. The interest paid upon them would be paid to their own citizens. Every man who held a Bank note, secured by such stock, would have a direct interest in maintaining inviolate the credit of the State. The blasting cry of repudiation would never again be heard, and the plighted faith of the State would be as sacred as national honor; and lastly, it would give them a sound and uniform currency.

If, then, in addition to this, Congress would authorize such notes as were secured by stocks of the United States to be received for public dues to the National Treasury, this would give to such notes a universal credit, co-extensive with the United States, and leave nothing farther to be desired in the shape of a national paper currency. This would avoid all objections to a National Bank, by obviating all necessity for one, for the purpose of furnishing a national currency. The National Government might be made simply secure. The law might provide that all bills secured by United States stock should be registered and countersigned in the Treasury Department, as the notes circulated by the Banks in this State are now registered and countersigned in this office. This would enable the Collector, Postmaster, or other receiver of public moneys, to know that they were receivable for public dues.

The stock of the United States by which their redemption was secured, might be so transferred to the State officer holding the same, that it could not be sold or transferred by him without the assent of the Secretary of the Treasury; and in case of the failure of the bank to redeem its notes, it might be optional with the Secretary of the Treasury, to exchange the notes held by the Government for an equal amount of the United States stock held for their redemption, or let it be sold and receive the Government's share of the dividends. In this way the national Government would always be secure against loss.

But this suggestion is foreign from the chief object of this report, and is merely thrown out to invite attention to the subject. But in conclusion, the Controller has no hesitation in recommending that the free bank system be modified in the particulars above suggested, and that it be then adopted in preference to the safety-fund system, as the banking system of this State.

It cannot be supposed that banking under this system will be as profitable as it has been under the safety-fund system. It is therefore desirable that every facility should be given to capitalists who engage in it, that can be granted consistent with the security of the public, and that no unreasonable or unjust system of taxation should be adopted which discriminates invidiously against them; but persons engaged in banking should be taxed like all other citizens.

New-York Legislature.

On taking the Chair as President of the Senate, Lieut. Gov. PATTERSON addressed the Senate as follows:

SENATORS—Among the duties required of the Lieut. Governor is that of presiding over the deliberations of the Senate. I therefore enter upon the discharge of those duties, deeply sensible of the responsibility of the station, and of the difficulty of giving entire satisfaction to the Members; but I shall endeavor to perform the duties of the Chair promptly, and to see that the rules of the Senate are enforced with strict impartiality, trusting that any errors of mine will be corrected by the Senate.

The wise provisions of the new Constitution, requiring the passage of general laws under which corporations may be formed, having been in part complied with, the present Legislature will be relieved from a large amount of that class of business, and it is to be hoped that such acts as may be necessary to protect the rights of individuals, and promote the interest of the State, will receive the early attention of the Senate, and that the business of the session may be completed at an early day. Let us, therefore, enter diligently upon the discharge of our responsible duties, looking to the Supreme Ruler of nations for His aid and protection, that our labors may be productive of good to the people of this