EDGEFIELD ADVERTISER.

A Democratic Journal, Devoted to the South and Southern Rights, Politics, Latest News, Literature, Morality, Temperance, Agriculture, &c

"We will cling to the Pillars of the Temple of our Liberties, and if it must fall, we will Perish amidst the Ruins."

SIMKINS, DURISOE & CO., Proprietors. EDGEFIELD, S. C., FEBRUARY 10, 1858. VOL. XXIII.---NO. 5.

The Bank Question.

REMARKS OF

HON. WILLIAM GREGG,

OF EDGEFIELD, ON THE

BANKING SYSTEM.

RESOLUTIONS OFFERED BY MR. GREGG.

Resolved, That the distressed state of the country, and the unprecedented derangement of monetary affairs, render it necessary for this Legislature to pass some act to amend the Bank Charters, which shall in future restrain Bank issues.

Resolved, That the money pressure everywhere, and general want of confidence, render it necessary at present to remove all unnecessary restrictions upon the Banks, that they may have freedom of action, and be able to so far expand as to give a forward movement to the produce of the country now waiting to be sent to market.

Resolved, That we have full confidence in the solvency of our Banks, and in their disposition to resume specie payments as speedily as circumstances will permit.

Resolved, That a committee of seven be raised to take into consideration the whole subject of Banking in the State, and report a Bill for the action of this House.

ADDRESS.

MR. SPEAKER:—One of the great objects of this Assembly is to correct the imperfections of our laws.

If the great men of 1840 have made laws that are found not to answer our purposes in 1857, but are sources of serious embarrassment to every interest in the country, shall we, for the sake of punctilious consistency, refuse to repeal them? Shall we attempt to chastise the banks, while every blow we strike inflicts a wound upon ourselves? Do you expect the banks to loan money to relieve the country at six per cent., and pay the State fire out of it? The proposition is absurd. The fact is, that the cotton of this State cannot, and will not go forward, without a removal of this restriction. Every warehouse in the interior is full of cotton, and thousands upon thousands of bales will remain in the country. From this cause, the warehouses in Hamburg and Augusta are piled up to their roofs. The State may put a few thousands into her coffers, but it will be at the expense of ten dollars a bale to the planter.

First, the banks could not loan for fear of suspension, and, after suspension, you say they shall not loan. I have been a daily witness, this Fall, of the difficulties with which every planter has met who had to sell cotton, and I have seen it sold at 10 cents, when the Liverpool advices warranted 15 cents. It is needless to talk here about things getting right of themselves; the banks must have relief, or the country will be ruined. They must be relieved of the penalty, and from a public advertisement of their condition. Many a good financier has been ruined by exposing his affairs. If you want the banks to get up again, speedily, let them alone; place them in a situation that no man can pry into their affairs. One bank should not know what the other is doing. If they are let alone they will expand; it is the only hope for them and the country. If money goes out to purchase cotton, every body will be able to pay their debts to the banks.

In 1840, when the banks suspended, I was a director in Charleston. The bank in which I was a director had $600,000 circulation, and $30,000 specie. All the banks knew it, and were afraid of us. It was hopeless to think of ever resuming without an expansion. We did expand, as nearly as I can recollect, about $800,000, principally upon cotton drafts. We loaned freely to our mercantile customers, who were soon able to pay us back three-fold, and helped greatly to reduce our liabilities.

But for the expansion of the banks at that time, many a good merchant would have been ruined. I had just carried into a concern there, $100,000. One of my partners had just returned from Europe with a large stock of perishable goods. We borrowed from the banks $130,000, to make good the falling off of our sales; it was soon returned. Our weak bank, in a few months, became strong, paid its bank balances in specie, and resumed, to the astonishment of all the other banks, who followed in quick succession. Thus came about resumption from a quarter from which it was not expected, and several months before anybody looked for it. The brokers deposited barrels of specie in the banks that they could not sell, and nobody wanted hard money.

I repeat, Mr. Speaker, that our banks will have to expand before the country can be relieved, and I hope all unnecessary restrictions may be removed.

I am surprised to see gentlemen still hanging on to the idea that stocks and State securities form a fit basis for a bank circulation. Have we not seen enough to satisfy us that it is all a fallacy? Look at New York, with her great system of stock securities—stocks that were worth $120 before suspension, reduced to $25. Look back and see where Georgia was in 1840. Georgia, one of the most enterprising and solvent States, had to stand by, and see her 7 per cent. bonds, sold for 48 cents in the dollar.

With public works on hand, that are to cost us a debt of $20,000,000, how are our State bonds to be relied on for a basis? We had better come to the reality at once, and provide for a contracted paper currency, with a strong specie basis.

And I am still more surprised, Mr. Speaker, to hear advocated the restriction of banks to 7 per cent. dividends; that is nothing short of offering inducements to extravagance. If the banks earn 10 per cent. after making good their surplus, they may be induced to expend the balance in extravagant buildings and big salaries. What we want is a reduction of the number of banks, and less banking capital; then, with a proper restrictions on the issues, we will have as good banking system for our purposes as we want. Let us take time, and not do things rashly.

What I want to impress upon this House is, that the great secret of restraining bank issues has not yet been discovered. For the want of the proper restrictions, the country has lost untold millions. The whole bank capital of the United States, in 1837, would not pay half which was lost by the suspensions of 1837 and 1840. And what may be said of this suspension? Why, Mr. Speaker, it is my candid opinion, that if all the bank capital in the whole country was divided out among the sufferers, it would fall short of paying the loss.

The State of New York has 330 banks, with a capital of $85,589,000. It is said that the city of New York herself has suffered losses that $100,000,000 will not cover; and how is it with us? In all probability, this cotton crop will sell for $20 a bale less than it would have done but for the monetary convulsion; 3,300,000 bales, at $20, makes the round sum of $66,000,000. The 141 banks in the cotton-growing States have $67,700,000 of capital. Many individuals estimate that cotton will be sold at $25 a bag less than it would have been, had this suspension not taken place; 3,300,000 bales, at $25, foots up the round sum of $82,500,000. With these figures before us, I think we may come to the conclusion that we have paid pretty dearly for our experience.

We have had an awful lesson in the present monetary crisis. It has caused wide-spread ruin and distress throughout our land, and has reduced to poverty some of the wealthiest mercantile houses in the great cities of the Union. But, however sad and severe the lesson, it, may, and I trust will, result in a blessing to our country. It is, in all probability, a timely interference of Providence, to check us in a mad career of speculation that would have resulted in still greater calamity. Such was the seeming ease with which money could be made by gambling speculations, that all sources of productive industry was in a process of rapid declension, and the cost of production so increased, as to render remunerating profits almost hopeless. Even our great agricultural productions, the value of which is not affected by our inflated currency, but regulated by the gold and silver standard of other countries, are not exempt from the enhanced cost of their production. All the appliances for husbandry now cost three times more than the current rate of 1845, when negro fellows were worth $500, now $1,200; mules, $65 to $75, now $200 to $225; and land more than doubled in the value. But for the high prices that have prevailed for five years past, for cotton, sugar, tobacco and rice, we in the old Southern States could not have lived. It now requires double the capital that was formerly invested, to make a bag of cotton, while we have no assurance of continued high prices.

I say that this lesson, severe as it is, may be intended to teach us, what all men must now be satisfied of, that the bank restrictions throughout the United States are incomplete—and the people of South Carolina can scarcely fail to see that ours are utterly worthless as safeguards against suspension. The penalty of 5 per cent. on all issues is a mere mockery, for the bills in circulation have been put forth in many instances on an interest of ten, and are paying the banks at least 7 per cent.; for it cannot be supposed that the capital which represents these irredeemable bills is lying in the banks idle. I am, however, opposed to inflicting any punishment on the banks *now*. It would be extremely hard to punish a bank that had adhered throughout, to a prudent legitimate course of banking, equally with the reckless, that seemed to have a perfect disregard of the relative quantity of specie, compared with its liabilities. I believe that many of our banks are as judiciously managed as any banks can be, and deserve no punishment for the past. It is extremely difficult for the most prudently managed banks to avoid being drawn into such a sweeping gulf as has passed over our country, and produced a suspension of nearly all our banks. Suppose one to be located in Charleston and famed for close and judicious management; she may keep a dollar in her vaults for every paper dollar out. This very fact is calculated to make such an institution a favorite bank for collections and deposites; and, from courtesy to her neighboring banks, as well as a positive duty to her customers, she is bound to take for collections, and on deposite, all specie-paying bank bills; and, to refuse to take the bills of any one of the weakest banks in the community in a time of depression and excitement, would at once create distrust and cause a run for specie, and a general suspension would follow, carrying with it the bank that had been least of all instrumental in bringing about a necessity for a suspension, and not half so culpable as some of the banks who had, *by sheer good luck*, been able to weather the storm. There are degrees of criminality in the act of suspension that ought to place almost every bank on a separate and distinct footing. Some banks suspended purely from a belief that a general move of the kind would relieve the pressure and enable the produce of the country to go forward. All of our old banks, which had given such a high character to S. C. bank bills, have been, of recent years, driven by new competition, to abandon, in some degree, their old legitimate mode of banking; and, as the State has been instrumental in bringing about the elements of suspension, we should be very careful how we use the rod of correction; but, for future safety, incorporate in their charters such restrictions as will prevent a future occurrence. *Five per cent. per annum* on the circulation, during the period of suspension, is a slight punishment, and affords no compensation to the injured bill-holder, who has to pay his debts in good money, and a heavy premium to get it; and, aside from other considerations, the banks might many times be so circumstanced, that it would be greatly to their interest to suspend, and pay such a forfeiture—and, but for the consequences to the community, it would be just and proper to exact the penalty now.

The subject of banking and currency is so little understood, that it should be approached with the greatest possible caution; and we must all bear in mind, that any punishments inflicted on the banks, at present, only tend to create new difficulties and embarrassments throughout the community. It is all important that the banks should be left free to act as they think best. They are all anxious to resume, and will do so as soon as circumstances will permit; and any punishment that we may inflict, for the purpose of coercing a speedy resumption, will fail to accomplish the object, bring trouble upon the community, and disable the banks to make the requisite preparations for a general resumption, which cannot be brought about in any other way than by an expansion of bank issues, so as to enable the produce of the country to come forward, and also to place the means in the hands of every body to pay their debts, which is now the uppermost thought in every man's mind.

However much I am disposed to commend the Comptroller General for the prompt discharge of his duty in executing the law, I believe it would be wise legislation to refund the money collected from the banks. Otherwise, it will cause a stringency in the money market that ought not to exist; for banks will not loan their bills when they have to pay 5 per cent. interest on them. The State is worse off than the banks. Situated as she is, I think it is entirely beneath her dignity to call upon the banks to pay the forfeiture. The State is unable to pass her bonds at *par*. The suspended bank paper is more current than State credit; no man will give the suspended bank bills for State bonds at *par*. She is in a state of suspension herself. Her own bank led off, and was the first to suspend. She is paying the interest on her public debt in her own irredeemable bank bills. Her laborers on the State Capitol are paid in the same way; and, aside from all this, she has been instrumental herself in bringing this state of things upon the banks, by the creation of new banks when and where they were not needed. I feel perfectly confident that if the State had not increased the bank capital of South Carolina since 1840, our banks would now be paying specie for their bills, and doing all that any set of banks could do in such a calamitous storm. I repeat that it is not a matter for us now to discuss, how we are to get out of this difficulty. We can do nothing to relieve the country from a calamity that a long series of years has brought upon us. The people and the banks must work out their own salvation. The duty that we have to perform is to provide for the future. Our banking institutions must be regulated, so that if any future legislature should create more, and too many banks, some wholesome restrictions will confine them to legitimate banking, and leave them no ground to act upon.

Every man must admit that this is a proper time to consider the subject of restraining bank issues. The subject is now being agitated everywhere, and the public mind must be prepared to act on it with justice to themselves, and with a due regard to the interests of the banks. We all know how easy it is to forget lessons of adversity, and to run into ruinous extravagance. Only five years after the sad revulsion of 1840, a new inflation commenced, and from that period to 1851, no less than 214 new banks had been created in the United States; and, as early as 1847, people began again to talk about suspension, and such was the general distrust of banks, that suspension, with its attendant desolation and ruin, haunted the minds of all commercial men. At the early period of 1847, such was the state of things that one of the banks of the City of Charleston, it is supposed, would have suspended, but for large and timely loans of specie funds from two other banks.

Since 1847, the wheel of speculation and inflation has been steadily progressing, and up to January, 1857, embracing a period of only 10 years, no less than 678 new Banks have been created in the United States; and from 1843 to 1851, the bank circulation was increased from fifty-eight millions, to one hundred and fifty-five millions; and still further increased from one hundred and fifty-five millions in 1851, to two hundred and four millions in 1854; and such has been the danger, at all times, of a general suspension since 1849, that we may be said to have been all the time on the very brink of a precipice, ready to be pushed over into bankruptcy and ruin, by any wind that might create a want of confidence in the banks. There were periods, in the course of any year since 1849, in which the breaking of a single bank would have raised a storm; and, public suspicion, once aroused, no human power could have allayed. Nothing but the constant flood of gold from California kept up confidence in the banks; and, although it went out of the country as fast as it came in, and generally faster, yet it led the people to believe that the country was filling up with gold. I think it must be plainly seen by all intelligent men, that the great secret has yet to be solved, by which we are to learn how to regulate the currency and prevent excessive bank issues.

All of our restrictions have utterly failed. Our banks, which have a million of capital, may issue three millions in bills, and not have ten thousand dollars of specie in their vaults. The New York Banks were required to deposit, in the hands of a Commissioner appointed by the State, as many dollars in good stocks as the bank could issue of its notes: that was supposed to be ample, and it was thought that the New York bank circulation was better fortified than any in the Union. But what a signal failure? The banks all suspended, and what would the stocks have sold for, in New York, for hard money? An effort to redeem the suspended bank bills by the sale of such stocks, would have ruined both the banks and the bill-holders.

In 1817, it was my lot to commence in early life to provide for myself: the five years after that, was a period of great depression in money matters, when the closest economy was necessary to the successful development of any enterprise. About the year 1823, the country began to show signs of prosperity, and things continued to improve up to 1835, when a period of bank inflation and speculation commenced, which in a few years run the people of our country mad. Negro fellows went up, in a short time, from $550 to $1,500 and $1,800; everything else in propotion. Every man expected to be a *millionaire*, and there was scarcely a successful merchant in the country that was not preparing to branch his concern, and spread his business to the winds. Blacksmiths and other tradesmen became merchants. Soap and candle-men had become *wholesale* merchants, and looked forward to the day when they would be ranked among the Rothschilds. The ladies in New York were flounting $300 dresses, decorating their shoulders with $1,000 shawls. The banks and speculators, which latter embraced half the people of the country, had so bloated up their affairs, that an explosion *had* to take place. It came like a whirlwind, to the surprise of everybody. With little or no specie in circulation, it was found that the bank deposites and bank circulation then amounted to two hundred and seventy-eight millions of dollars, with a specie basis of but thirty-eight millions, leaving a surplus of indebtedness of the banks, of two hundred and thirty-eight millions, which had to be curtailed as speedily as possible. The efforts of the banks to bring themselves into position again, spread ruin and desolation broad-cast over our country, and, but for the bankrupt laws, the country would not have recovered in ten years.

I place the bank deposites and the notes in circulation together, for the reason that everybody knows that a deposite is nothing more than so much paper money deposited, to be paid out in the same kind of currency, and all that the banks have not specie to redeem, must be rated as irredeemable paper money.

In 1843, the bank deposites and issues amounted to one hundred and fourteen millions; specie in banks, thirty-three millions; showing that there was, at that time, but eighty-one million of irredeemable bank bills in circulation and on deposites, over and above the specie that was in the banks—showing a contraction, in five years, of one hundred and fifty-seven millions of dollars, quite enough to ruin any country. About this period the country had got right again; money was comparatively plenty and interest low. All legitimate channels of trade seemed to be fully supplied with means; and, what I wish more fully to impress upon the minds of members is, that all branches of industry were particularly thrifty for several years, and until the new inflation had got fairly under way; and, singular enough to say, that for five years after 1843, the banks throughout the country could not get out a circulation; the cause of which was a subject of anxious enquiry with the banks of Charleston and Augusta. The truth is, that the minds of the people, at that early day, had not become imbued with the spirit of speculation; the day had not come when every man was in a hurry to get rich or poor; the whirlwind, which doubled every man's movement, had not commenced.

Now, follow me up, and let me picture forth the course that things have taken, that I may explain, as far as I can, the cause, the nature and the extent, of the present calamitous storm in our monetary affairs.

As I have before observed, in 1843, we had, in Bank deposites and paper circulation, eighty-one millions ($81,000,000) of irredeemable Bank paper. That, with the small amount of gold and silver then in circulation, constituted our trading capital. Everything fitted itself to that state of things, and the trade of the country went on without any apparent deficiency of means, to carry on vigorously the whole business of the country. In 1851, just eight years afterwards, we find a very different state of things, and every indication of a coming storm, and another sad revulsion. At that time the Bank circulation and deposites amounted to two hundred and seventy-six millions ($276,000,000); specie in Banks $37,000,000; showing that our working capital of irredeemable bills, without any augmentation of bullion, had increased from $81,000,000 in 1843, to $239,000,000, in 1851, or nearly 300 per cent. in 8 years. Everything was then pushing forward with the speed of steam, to keep trade and speculation up to the working capital that had been thrown into business channels. Every man felt that the California gold mines were emptying their treasures upon us, and each and every individual was preparing himself for an extension of business. Every mind was imbued with the spirit of speculation. It is not known exactly when the inflation commenced, but it is certain, that the business of the country fitted itself to it; all was well balanced, had the real metallic money basis been right.

In 1854, we find the circulation and bank deposites to be $392,000,000, with $59,000,000 specie in the banks, thus giving us $333,000,000 of irredeemable trading capital, against $239,000,000 in 1851. Things, by this time, had become top-heavy, but yet the constant floods of gold from California, induced us to believe that all was right. The circle of business operations still widened, adjusting itself all the time to the quantity of money at command. Things went on swimmingly, and every man who could throw off his homespun coat was a trader, and men of straw became great merchants. In 1856, we find the deposits and circulation to be $407,000,000, specie in banks, $53,000,000, thus giving us a trading capital of $354,000,000 of irredeemable paper, against the sum of $333,000,000 in 1854. We find, at this stage of affairs, that everything that administers to our wants had increased in value three-fold; negro fellows, $1,000 to $1,200; mules $200 to $250; carriage horses, $1,000 to $1,500; in New York, single horses $1,500; pairs $2,000 to $3,000; merchants building palaces to live in; the old Astor House, that was considered the wonder of the age in 1836, had to give way to the St. Nicholas, and others, more extravagantly and luxuriously fitted and furnished. Ladies are dashing about the streets and watering places again with their $500 dresses and $1,000 shawls; merchants are seen pulling down princely buildings to vie with each other in the erection of stores, at an expense of three to five hundred thousand dollars; men are seen running, to and fro, to find employment for money that has been borrowed at 10 to 15 cents premium; every railroad project, however visionary, may make bonds and find purchasers for them, and get ready money at some price or other; magnificent cities are built in the west, and untold millions are made and lost by such speculations. The same wild spirit of land speculation that was so rife in 1818, and which ruined so many men in 1837, prevailed over our country again, and more land has been entered and paid for by speculators, than can be settled by increase of population in fifty years. Indeed every thing has been taken hold of with avidity, except such investments as were necessary to develope the industrial resources of the country. They have been thrown in the shade, and nothing but dire necessity, growing out of the increased consumption of cotton, prompts the world to purchase our staple, at prices that will remunerate, in this age of extravagance.

Now I have given a sketch of the course of things from 1843, to the summer of 1857, when, in a dead calm, the storm of public distrust commences, and the banks begin to contract their circulation. Men find it difficult to procure money to meet the commonest engagements, and make serious sacrifices to maintain credit. It is soon found that the banks have contracted thirty millions of dollars of their circulation, and will not loan a dollar to men whose legitimate operations require large sums every day. Very soon some of the strongest and best houses in the country are driven to the wall, break, and have to give up a business (involving millions) spread out over the whole United States; their affairs are put in commission, with good assets to shew a surplus of a million; they are wound up and ruined, and reduced to beggary, from no other cause than a sudden contraction of bank currency, the inflation of which had inclined these *millionaires* of the upper-ten thousand circle, where the merchants were doing a prosperous business, to expand into a larger circle, with still greater prospects of success.

One man after another breaks, the banks draw the cords tighter and tighter, until finally they burst, and then comes a general suspension; and, what is worse, comes the reality that we have to retrace our steps, and the sad picture stares us in the face that, instead of $354,000,000 of trading capital, we have not a hundred millions of real money in the banks and in circulation, independent of the sub-treasury. Thus we are to have suddenly taken away from us $254,000,000 of our trading capital, and we have to get back, the best way we can, to the happy position we occupied in 1845 and 1846. I say $250,000,000, for I am quite sure that $100,000,000 of bank paper will now serve the country quite as well as $81,000,000 did in 1844, when the under-strata of our circulation was largely filled up with small bank bills, which, I trust, will in future be superseded by gold.

I repeat that I will not favor any measure which looks towards punishing our suspended banks; but I would throw such guards around them, by amendments of their charters, as will secure the country, at least South Carolina, from future bank suspensions.

The 1st step towards this object is the repeal of the usury laws.

2d. To require all the banks to keep one dollar in specie for every three of circulation, together with ordinary deposites and other immediate liabilities.

3d. A prospective Act, which shall secure the State against the issue or circulation of bank bills under twenty dollars.

4th. An Act to raise the limit of interest on bank discounts to 8 per cent. on notes or bills of exchange, payable either in or out of the State. Nothing should be charged, in the shape of exchange, above the current rates of sight exchange.

5th, That no bank in this State should be allowed to purchase the notes of individuals, nor to be concerned in such purchases.

6th. No bank in South Carolina shall be allowed to have her capital, or any portion of it, loaned on call to people out of South Carolina.

7th. Every bank in South Carolina which shall hereafter suspend specie payment, before issuing any more bills, shall procure new plates and have new paper struck off, to designate the new from the old bills; that the banks shall pay to the old bill-holders 10 per cent. damages for the act of suspension and its consequences to the bill-holders, and at the rate of 8 per cent. per annum on the bills, during the period of suspension.

8th. The cashier shall be required to state, on oath, with the monthly return, that the bank had not violated its charter.

Such laws would put our currency on a sound basis, and secure us against a superabundance of banking capital in future.

Such restrictions may appear to many persons to be unnecessarily stringent. But a little explanation may remove such impressions. Banks are chartered with a view to benefit particular localities, and to add to the general prosperity. They are expected to consult the best interests of the community around, while, by a moment's reflection, if we take a general view of the subject, we will perceive that their interest leads them in a diametrically opposite direction. The country at large is interested in a sound, and, as nearly as possible, a hard money currency. The banks are interested in flooding the country with paper money, and, consequently, deranging the currency. It is *their* interest to drive out of circulation every hard dollar, and put in its place three of paper money.

The first effort of a bank, after it is organized, is to put out as large a circulation, as many bills as it can put forth, and obtain in return, means that seem to be reliable, for the redemption of the same. This effort never ceases until the country becomes overwhelmed with bank paper; a reaction necessarily takes place; when a momentary convulsion follows, and the whole country is called on to participate in the general embarrassment and ruin that must inevitably follow.

We have abundant and pressing inducements to guard ourselves, in every way we can, against excessive bank issues. It demoralizes a country, makes every man a speculator, makes real money scarce, and raises indefinitely the rate of interest; and the best shield that can be thrown around a people to protect them against exorbitant rates of interest, will be found to be proper restrictions on the circulation of paper money, which will reach the object indirectly, while direct laws against usury will utterly fail.

We have for ten years past enjoyed apparently a state of prosperity unprecedented; but is not much of it fiction? Have we not been living on borrowed capital, that now, in our sober senses, we have to pay? Look at the hundreds of millions of bonds that have been made among us, and which have passed for real wealth! Look at the vast sums that have been borrowed from foreign countries, and which have been spent among us, and long since returned by us to the countries from which they came, to purchase extravagant luxuries! There can be no doubts as to our real prosperity for the last seven years, for almost every agricultural article has commanded high prices in foreign countries; but have we not outlived that, and spent the borrowed money? Besides our real condition, covered all the time under a paper currency, which has been so delusive, as to unhinge our most prudent and discreet men. It has deluded men; it has deluded the whole nation, and put at defiance the usury laws of every State, and, I trust, convinced all sober-thinking men, that laws made by men are utterly inadequate to regulate the value of money any more than any other commodity, and that supply and demand will govern, as certainly as that water will find its level.

It is well known that a sliding scale of interest in the Bank of England, is the great regulator of monetary affairs in that country.

I am satisfied that every State in this Union will find it its interest in abolishing the usury laws, for the rate of interest is the only sure index to point out periods of inflation and over-trading, and, if left uncontrolled by law, would serve to warn us of approaching danger.

After the resumption in 1840, interest was low for several years, and money apparently more abundant than of recent years. The banks of this State and Georgia could not, for many years, get out a circulation of their bills, for the good reason that the country afforded no demand for it, and was full of gold and silver, which had to be displaced before the paper would find its way out. Agricultural and all public industrial enterprises went steadily ahead in 1845 and '46, when the bank circulation of the United States was very low. No man, who could raise money, thought of giving over 7 per cent. As President of the Graniteville Company, I borrowed large sums of money for that company, at 5 per cent., and that, from some of the best financiers of the country. As paper money became more abundant, speculation commenced with it, so that in 1848 I had to raise my rate of interest to 6 per cent., in 1850 to 7 per cent. After 1850, I was floating on the open sea, and when the Company required temporary loans, the interest ranged from 8 to 10 per cent.

Have you not noticed, that the rate of interest in New York and Boston has been quoted in the newspapers, for five years past, at from 10 or 18 per cent., vibrating with the Bank issues? The usury laws are set at nought in all the Northern cities. If it were otherwise, the commerce of the country could not go on. Do you not know that the Banks of this State have shown a reluctance to loan money on paper that does not pay 10 per cent?

Have you not noticed, for many months past, that our Banks have drawn the cords tight around regular business, and thrown almost out of use the old system of making 4, 6 and 8 months' loans, which all business, except produce dealers and speculators, required? In short, do you not know that the usury laws are set at nought by the Banks of this State, and so it will be whenever the Banks can inflate the country and fill it with speculators that are always ready to give twice as much interest money for loans, as any regular business can afford to pay?

Do you know how the New York Banks evade the usury laws? A customer goes into a New York Bank to borrow $12,000. The bank is ready to loan, but requires the borrower to give a note for $20,000, and pay interest on that amount. He pays the interest, $1,400, in advance, and receives $10,600, leaving $8,000 of the nett proceeds, on deposite, to be placed to the credit of the note, and loaned to some other customer. Now, this is a downright dodge of the law, which a Northern man will unblushingly make, but such as would be entirely repugnant to the nicer feelings of a Southern man. But only change the nature of the transaction, and make the note, a bill of exchange, a kite, if needs be, (for there is a charm in the words, bill of exchange, which is music to the ear of a Southern banker.) On that kind of paper the borrower can be as decently shaved in South Carolina as in New York, or anywhere else. Notwithstanding the high rate of interest that every transaction was based upon, three months ago, one dollar would not purchase more than 33 cents of what it would have done in 1846. Negroes, mules, bacon, and all the appliances for agriculture, have risen in that proportion, and you find a man as willing now to borrow money at 10 per cent, to purchase a negro for $1,200, as he would have been to give 7 per cent. ten years ago for cash to purchase a negro at $500. This is not the result of a superabundance of money, but the effect of the prevailing spirit of speculation. Money is like every other mercantile commodity, it follows with great ease and rapidity the channels that lead to the best markets. The demand has been great in New York for several years past, and merchants at distant points have been offered 10 to 12 per cent. premium, for advanced payments. Recently such offers have been raised to twenty per cent. You see what an inducement here is, for sending money away. Banks are importuned to loan, and have loaned hundreds of thousands against their will for such purposes, to customers that they could not refuse. Every dollar that could be drawn into our mercantile channels has been sent off to meet that extraordinary demand, and were our Banks not laboring under the pressure of suspension, their capital would go in floods in that direction.

I would abolish the usury laws, not to make money plenty, or scarce, but to protect the poor from the rich; to put our capitalists on a footing with the banks; to render it unnecessary for our banks or large capitalists, to transmit their funds to other States where the customary rate of interest ranges above the limits of our legal rates.

When the rate of interest is high all over our country, our commercial emporiums will be quite as much in need of all of our money capital, as when interest is low. I would, therefore, repeal the usury laws, to give money capital a permanent and profitable home in Charleston; that would transfer much of our capital, now in Wall street, New York, to locate itself in our commercial emporium, to be employed in purchasing the mercantile paper received by jobbing houses from the country trade. In short, I would repeal our usury laws to make legitimate business for banking, that Charleston may become the commercial outlet and inlet for Southern trade, and thus enable us to disenthral ourselves of a childish dependence on that ever-inflated, bloated and speculative city, New York, where we go to purchase more than half of our supplies, and where the best merchant's paper is often sold at from 12 to 40 per cent. discount. Some months ago, long before the suspension, I was conversing with some gentlemen in Augusta, when one of them, a President of a bank, said he knew of the sale of a first rate Georgia note in New York at 36 per cent. discount; that the gentlemen who made the note was as good and solvent a customer as the State of Georgia could produce—so good, that if his bank were lending money, he would not ask him for an endorser on a loan of ten thousand dollars. This same man went to New York and purchased eight thousand dollars worth of goods, gave his note at 3 and 6 months, which paper was sold at a discount of 36 per cent. per annum. I received the impression from the way the bank President talked about it, that his bank was the purchaser.

Now, let me ask you of what avail are our usury laws? Are they not in the way of fair legitimate banking, a positive evil and a clog upon the freedom of trade? Who paid this 36 per cent.? Can any body doubt that it came out of the consumer's pocket? It does seem to me like straining at a *gnat* and swallowing a *camel*, to refuse to permit a bank to lend her money at 8 per cent., or an individual capitalist at 10, that a merchant, by so borrowing, may go to foreign countries, far beyond where his credit would reach, to purchase his goods on the best terms that cash would procure, while it is perfectly legitimate and fair, in the eyes of every body, to follow him to New York, where he can buy on credit, and there purchase his note at 36 per cent. discount.

You legalize certain capitalists to associate in corporations to deal in usury, by wholesale, while a poor fellow, who has to hide behind the door, is watched through the key-hole, and made to suffer for his petty violation of the law. While the rich banking institutions are allowed to take 10 and 12 per cent. interest at their counters, and escape censure or punishment, a poor fellow, who has, by hard labor, earned $500, is not allowed to take 50 or $60 a year for it, although it may be offered to him by a dozen men, who are able and willing to pay that much for the use of 500 dollars for one year. The law says he *shall* not receive more than $35, although it may be a poor man loaning to the rich, and this is the class of men who don't know how to evade the law. A man is negotiating for a plantation. The terms are, $12,000 on a credit of 12 months, with interest from date, or $10,000 cash. If the long price be given for the sake of the credit, it is all right in the eyes of the law, but should a neighbor step forward with $10,000 that he would be glad to loan at 10 per cent., the law steps in and pronounces judgment against it, and will not allow the loan, although the borrower would be gainer by the loan and cash purchase to the amount of $1,840. And so it is with trade and traffic everywhere in our country. There is not one man in five hundred, that would not have made, for the last five years, more than 10 per cent. difference between cash and 12 months credit. With this simple fact before us, is it not strange that our statute books should be encumbered with laws that would stigmatize any man to attempt to enforce? Such is our sense of its injustice, that a man who would take advantage of it for selfish gain, would be hissed out of decent society. They are so opposed to customary usage, that they are openly and unblushingly violated, a thousand times every day, in our State, by men of the most unimpeachable integrity.

CONCLUDED NEXT WEEK.

THEN AND NOW.—In January last the times here were "flush" and the imports of foreign merchandize at this port, for the first three weeks of it, amounted to $3,545,462. January 1858 the times are commonly understood to be not flush,—but on the contrary, quite the reverse. Imports for first three weeks, $1,346,360. Reduction, $1,804,592. This shows what may be called a "healthy movement" in the right direction. It shows that we are cutting down our bill for silks, satins, laces, and other luxuries, and that the McFlimseys are taking in a big reef. It shows, too, that "Young America" is buying less patent leather, fewer foreign gold-headed canes and kid gloves, and manages to get "glorious" not so often on port and sherry. A million and a quarter retrenchment a month, will soon enable them to pay their debts.—N. Y. Express.

A well-to-do farmer of Springport, N. Y., three years ago had a little altercation with his wife, and while conversing with her took up a pail to go after some water. His long absence awakened the fears of his wife, who suspected at once that he had made an end of his life by throwing himself into the well. The well was accordingly searched, but the husband was not found. The friendly neighbors industriously sought for but found no traces of him. Last week while his family were at tea, the missing husband walked into the room with the pail of water in his hand, put it into its usual place, and sat down to the table as if nothing had happened. He had been gone just three years after his pail of water, and had visited California and Australia, and had turned up again with a handsome little fortune in his pocket.

The Molasses Market in New York has become quite active, as we learn from the Post, a number of distillers have made their appearance. This activity has been brought about chiefly by concessions on the part of holders. Muscovado has reached to 18 cents for common qualities, and 20a20 cts. for the better grades. The highest price ever paid for molasses in the New York market was in April last—63 cents for Muscovado and 83 cents for New Orleans. New Orleans arrives quite freely, and was selling on Monday at 23a25 cents, a comparatively low price. The crop of Louisiana now coming forward will be comparatively large—estimated, according to the Post, at about 17,000,000 gallons; equal to more than one-half of the total consumption of the country last year; but at the present currency it is responsible to suppose that this year's consumption will be in excess of the quantity delivered last year.

SORGHO SUGAR.

About three months ago, the possibility of obtaining crystallized sugar from the Chinese cane was publicly denied by a number of persons who had made experiments with the juice, some of whom were known as scientific men and practical sugar refiners. Such opinions naturally led astray those who had no means of making experiments for themselves. It is a curious fact, however, that at the very time when such opinions were being propagated, the most effective shot and shell were being prepared for their demolition. We had thought, from what we have already published on this subject, that but little if anything useful could be added to our stock of knowledge until experiments were made with the future crop of this year, but in this opinion we have found ourselves mistaken. We had received some excellent samples of this sugar from various parties, but no certain data as to the quantity and quality of the sugar to be obtained from the cane per acre; but we have now received very satisfactory information on this point. Mr. Joseph Lovering, of Oakhill, Philadelphia county, Pa., a very scientific and practical sugar refiner, has sent us a box containing as beautiful samples of loaf, white, granulated and brown Sorgho sugars as any cane sugars whatever. He had planted half an acre of the seed on his farm, and with the stalks of this he made correct and scientific experiments. Before proceeding to refine the juice, he wisely examined it with the polariscope to see if it gave the usual indications of possessing crystallizable sugar. This examination afforded the proof that it contained 5.57 per cent of sugar; and from this data he went on, and made those experiments with the juice which resulted in the samples of beautiful sugar he has sent us. Mr. L. has also given a detailed account of his efforts in a well written pamphlet, and from these he has arrived at the conclusions that an acre of this cane, in good season, will yield about 1,466 pounds of sugar and 74 gallons of molasses—a result corresponding to that obtained on the Louisiana plantations with the real sugar cane. The experiments of Mr. Lovering are of a reliable character, because they were performed with care, and he is not a mere theorist, but one well acquainted with sugar-refining in all its branches.

We apprehend, from the facts now spread out before the community regarding this plant, that it will be extensively cultivated during the next season. A convention of farmers was held on the 11th inst., at Springfield, Ill., to consult on measures as to its future cultivation. All present expressed themselves gratified with their experience with the cane, and resolved to give it more attention next season. One farmer present stated that its seed made flour equal to buckwheat in every respect, and the yield was twenty-five bushels to the acre. It was also asserted that we had no plant equal to it, in all things, because it could feed us with bread made from its flour, as well as provide us with our sirups and sugars.

In connection with this part of the subject, we would note a singular statement made by Dr. C. T. Jackson, at the meeting of the United States Agricultural Society, held at Washington on the 15th inst. viz., that about two years ago he had obtained a large percentage of crystallizable sugar from the juice of some Sorgho sugar cane grown at the United States Arsenal, Massachusetts. It is surprising that we never heard of this before, and that Dr. Hayes, of Boston, Mass., was unacquainted with it when he published his views as to the non-crystallizable character of the Sorgho juice.

In our next number we will have some remarks to make on another sugar-producing plant, the African *Imphee*, regarding which we have a letter from Governor Hammond, of South Carolina.—*Scientific American.*

REMARKABLE CASE OF FRIGHT.—About three o'clock on the morning of the 15th instant, two young men were riding from Corinth to East Corinth, Vt., in a light sleigh, to which was attached a young mare. The mare becoming frightened, ran, and getting loose from the sleigh, diverged from the road, and broke into the house of Mr. D. N. Blake, and passed through three doors before stopping. She jumped over one bed, in which was Mrs B. and two children, oversetting in her course the light stand, and extinguishing the light. She then broke down a crib in the other corner. Mr. Blake drew his wife and one child from their bedstead, which has been demolished, carried them into another room and struck a light. It was not until his return that the cause of the accident was ascertained.

GOOD TASTE IN DRESS.—A young lady in one of the leading circles at Washington was complimented by a gentleman on the simplicity and good taste of her dress at an evening party. She replied: "I am glad you like my dress; it cost just eleven dollars, and I made every stitch of it myself." When our young ladies pride themselves upon the home manufacture and cheapness of their attire, instead of the expensiveness and foreign importation, we shall have fewer "broken fathers and husbands."

TIT FOR TAT.—Some of the English journals having published articles accusing Russia of a design to assume an aggressive attitude in Asia, the St. Petersburg *Gazette*, in a series of articles upon "the mission of Russia," boldly avows and claims that as the mission of civilizing Southern Asia belongs to England, so the mission of civilizing Northern Asia belongs to Russia for reasons assigned. It adds that any attempt to to interrupt Russia in the fulfilment of that mission would end in the destruction, not of Russia, but of the power making the attempt, and that "Russia will no more be vanquished by England on this ground than she was in the last European war." Pretty plain speaking.

THE FRENCH PRINCE TAKING AN AIRING.—The way the little son of Louis Napoleon takes his airing is a show for any one to see; though all may not regard it in the same way. He rides in a large *coupe* carriage, drawn by four horses, conducted by two postillions, and the nurse holds him up at the window, that the people may see this really fine looking baby. Two liveried servants on horseback precede the carriage about two hundred yards and are followed by half a doz