



Kosciusko, July 15, 1843.

PLANTERS' BANK BONDS.

Gov. McNutt's Address Continued.

All the assets of the Mississippi Rail Road Company will not be sufficient to enable her, for many years, to extinguish her liabilities. The road never will be finished, and probably the small portion now completed may not be kept in repair much longer. Nothing can ever be realized from the Planters' Bank stock. The sinking fund will never yield more than two or three thousand dollars. By the first day of September next, more than four years interest, amounting to upwards of five hundred thousand dollars, will be due on the Planters' Bank bonds, one instalment of the principal, amounting to one hundred and twenty-five thousand, has been due and unpaid for near two years.

The constitution requires the Governor "from time to time (to) give to the Legislature, information of the state of the Government." In accordance with that injunction, I transmitted to the Legislature, on the 14th day of January, 1840, a message and sundry documents, proving that the interest then due and thereafter accruing on the Planters' Bank bonds, would neither be paid by the Planters' Bank nor the Mississippi Rail Road Company. In that message I further stated "that the principles involved in the measures necessary to be adopted in reference to the subjects presented to your consideration are somewhat novel and highly interesting to our constituents. I submit the whole question to the Legislature." That message was referred to the committee of ways and means, consisting of four democrats and three whigs. They were charged by Parliamentary rules with the task of bringing in and urging the passage of bills to provide for the payment of all the just demands against the state.—The Legislature did not adjourn until the 22d of February. The committee failed to make any report on the subject, and thus silently, so far as it was concerned, repudiated the Planters' Bank bonds. All the members of that committee, save one, were professedly in favor of the payment of the Planters' Bank bonds, yet they failed to endeavor to provide the ways and means for that purpose. On the seventeenth of February, 1840, I transmitted another special message in relation to those bonds; the documents accompanying it certified that interest had not been paid upon the Planters' Bank bonds, and that the state had been protested. That message was referred to a select committee consisting of four whigs and three democrats, all of them with perhaps one exception, in favor of paying those bonds. (14.) They made their report two days after the subject was referred to them. They suggested certain amendments to the charter of the Union Bank and stated that "serious doubts are entertained in regard to the constitutional power of the Legislature to repeal or modify the charter of the Union Bank without the consent of the individual stockholders, and a diversity of opinion is entertained on this subject by your committee." The first part of the report states that "resort must be had to onerous taxation upon the people, already borne down and oppressed by an accumulation of debt greatly beyond their means of payment in the present embarrassed condition of the country, or else the following plan must be adopted for the purpose of providing means to meet and discharge the liabilities of the state as they become due and payable, and at the same time give assurance that she is determined to preserve her faith. Your committee recommended the levy of a direct tax of per cent on the taxable property of the state in addition to the tax to be levied for the ordinary purposes of revenue." (House Journal, 1840, pages 867 to 61.)

The report winds up with a resolution requiring the standing committee on banks and currency to report a bill to "modify the charter of the Union Bank in accordance with the recommendation of the report." It would have been very easy for the committee to have designated the per cent necessary to be added to the annual taxes & to have brought in a bill for the purpose of raising them yet this was not done by that bond paying committee. The house by a majority of more than two to one refused to concur in Mr. Guion's report, many whigs voted against it. [House

Journal 1840, page 874.

The Union Bank at that session, had a majority of her friends in the Legislature; almost the entire whig party & many democrats aided in reelecting the first President and several of the old directors of the bank. All changes in the charter of the Union and other banks were strenuously resisted by those gentlemen and they succeeded in defeating the bill to repeal the bank charters of the state.

The failure of the legislature in 1840 to provide the means for the payment of the semi-annual interest accruing on the Planters' Bank Bonds and the first instalment due in 1841, was in fact a silent repudiation of those bonds. My annual message of January 1840 foreshadowed the repudiation of state bonds, when left to a future generation for payment. In my proclamation of the 3d of March 1840, I used the following language, which admits of no misinterpretation.

"Whereas this state has already incurred a large debt, for the purpose of banking, and from the situation of the institutions to which it has been confided, there is no prospect that the bonds, which are evidence of said debt, can be paid to the holders thereof by said banks; and the state itself has no means of refunding, either principal or interest to said bond holders, except by onerous taxation, to which there is every reason to believe, the people of the state will not submit, and which in all probability, they will not have the ability to sustain, if they were disposed to bear the burthen: it would therefore be a fraud, upon the people of this state were any more state bonds negotiated on other than legal terms, and also a fraud upon the purchasers of those securities who would take them upon a misplaced confidence of ultimate payment."

About one fifth of the Senators and one third of the members of the House [including the Speaker] vacated their seats in the Legislature during the year 1840. The Legislative assembly in January 1841, contained a majority of whigs in the House and Mr. Ventress was elected Speaker. Both branches contained large majorities of professed Bond Payers. It was well known that the Union Bank would be unable to pay more than one semi-annual instalment of the interest on her bonds thereafter falling due. The interest on the Planters' Bank Bonds had not been paid since July and September 1839. The first instalment [\$125,000] of the bonds of 1831 were payable in July 1841. That Legislature instead of providing for the payment of the state bonds contained itself with passing resolutions, that the state would "pay her bonds."

Many days were spent in the House in denouncing me. The second paragraph of my message gave high offence. The two last clauses were looked upon apparently with horror. Resolutions were passed declaring the doctrines therein contained, to be "a calumny upon the justice, honor, and dignity of the state." And to cap the climax of ignorance and absurdity, the resolutions condemning me, unheard unconstitutionally, were presented to me for my approval and signature, by a joint committee of both branches of the Legislature. The annals of legislative folly contain no parallel act of stupidity. Those resolutions were returned by me to the house in a respectful message, on the 5th of February, 1841. (House Journal, pages 481 to 504.) In the concluding paragraph of that message, I offered in all sincerity, to resign the office of Governor, if the Legislature would, before their adjournment, "pass a bill providing to raise by taxation, a sum sufficient to pay punctually, the interest on the seven millions of state bonds and the several instalments as they fall due." (14.) I was not then eligible, under the constitution, for reelection to the office of Governor. It was known to me that General Brown would not consent to be a candidate for Congress that year. Had the bondman in the Legislature, have dared to pass and present for my approval a tax bill, to pay the interest on the state bonds, I would most cheerfully have returned to the people the high office received by their suffrages. In that event I should have taken the stump of Congress, and no one can doubt that I would have triumphed. The failure of the Legislature in 1841, to provide any means whatever, to pay any portion of the State bonds was a "silent repudiation" of both the Planters' and Union Bank bonds.—That honorable body repudiated their own honor and dignity resolutions by failing to pass measures to carry the principles they contained into effect.—The Legislature assembled in 1842, failed to provide the means for the payment of any portion of the Planters' Bank bonds. In accordance with a legislative resolve, Col. Upton Milles, of the Senat, & Col. Thomas H. Williams & James E. Matthews, of the House, were

appointed a joint committee "for the purpose of visiting the Planters' Bank and the Natchez Rail Road Bank and the branches thereof, after the adjournment of the legislature, and vested with full power and authority to enquire into all the transactions of said banks and the branches thereof, and to enquire into the true condition of the sinking fund and other stocks in said banks. Col. Matthews was appointed Auditor a few days after the Legislature adjourned, and resigned his seat in the House. Mr. Speaker Roberts, in accordance with strict Parliamentary rules, appointed General Besancon a member from Tunica, to fill the vacancy. The Journals of the Senate show the appointment of the joint committee. They were clothed with the power "to send for persons, and papers, to examine witnesses under oath, to employ a clerk, and keep a journal of the proceedings, and required to make a report of their proceedings to the Governor, to be, by him, laid before the Legislature." (Acts of 1842, pages 259, and 260.) This important duty, the joint committee has failed to perform. A through examination of those banks would prove that the stock taken by the State and paid for, by the proceeds of the State Bonds as well as the amount taken on account of the seminary and literary funds, is utterly worthless. It is important that the people should be informed of the manner in which the individual stockholders subscribed and paid for the two millions of dollars of stock taken by them in the Planters' Bank. Many facts, no doubt, would be developed by a through examination, which might be disagreeable to many persons, but useful to the tax payers of the State.

The provisions of the transfer act were accepted by the directors of the Planters' Bank, in accordance with the provisions of her charter. The twelfth section of that act provides "that henceforth the Planters' Bank of the State of Mississippi, shall be, and the same is hereby subject to examination, in such manner, and by such person or persons, as the legislature may have prescribed or shall hereafter prescribe. (Acts of Mississippi, 1839, page 65.) The power of the committee was therefore undoubted, and I am utterly at a loss to account for their failure to discharge this indispensable duty. The failure of the legislature to provide, for a period of near four years, for the payment of any portion of the interest or principal of the Planters' Bank bonds, sanctioned by the acquiescence of the people, amounts de facto to a 'repudiation' of those bonds. No formal resolve is necessary. I am quite confident they will never be paid by taxation. The state has no other means of payment. The generation that created the bonds has passed away; many of them have gone to Texas, numerous others into bankruptcy, and not a few "sleep the sleep that knows no waking." Nineteenth of the present population of the state had no hand in creating those bonds did not obtain loans of the bank and have been injured by the depreciation of her paper. No legislature can by any resolve affirm the validity of the bonds, neither can any one by repudiating them, prevent the people from paying them hereafter should they deem it proper so to do. It will be sufficient for the next legislator, to report all the facts in regard to them, and to decline providing for their payment, and thus let them sink into oblivion like the old Continental money.

The first section of the bill of rights prefixed to the constitution of 1817, declares "that all freemen, when they form a social compact are equal in rights, and that no man or set of men are entitled to exclusive, separate, public emoluments or privileges from the community, but in consideration of public services." The ninth section of the sixth article of said constitution, modifies the general principle quoted, so far only, as one bank is concerned; but for this saving clause, the sixteenth section of the charter of the Bank of Mississippi, would be unconstitutional. This consideration, I presume induced the Legislature of 1818 to insert that section in the bill chartering the first bank in the State.—The clause referred to in the sixth article could only apply to the one bank first chartered.

The Planters' Bank charter conferred on a few stockholders, the control and use of the funds of the institution. The money placed by the State in the bank, was wasted by a "set of men" not "entitled to exclusive, separate, public emoluments or privileges" nor "in consideration of public services." The directors pertinaciously refused to apportion among the several senatorial districts one half the capital of the bank as required by the charter. But for that provision, the bill never would have passed. Persons unknown to the directors could not obtain loans. The larger portion of the

funds of the bank was used in discounting bills of exchange drawn on commission merchants who generally accepted them before funds were placed in their hands to meet them. This policy prevented those unable to get acceptances from obtaining loans. The high premiums paid for discounts on the bills and the charges of the planters and merchants of the profits try. Early in the year 1837, most of the commission merchants failed, their acceptances were returned to the bank under protests, and in consequence thereof all of them suspended specie payments in May, 1837. Since that period, none of them have been enabled to keep in circulation any paper convertible into specie. The Planters' Bank has utterly failed to answer the purpose promised in the preamble to her charter.—About the period the Planters' Bank commenced operations, the opinions of Daniel Webster, Horace Binney and Robert J. Walker, Esq., were taken in regard to the constitutionality of her charter. In able written opinions, they all concurred in declaring the charter to be UNCONSTITUTIONAL, NULL and void.—The two former gentlemen must be considered good whig authority. I confess, that in many of their doctrines, in regard to corporations and vested rights, I do not concur. I have not read the arguments of those learned intellectual gentlemen for many years, and do not remember the grounds they assumed.—About the same period, Mr. Walker wrote and published a pamphlet demonstrating the unconstitutionality of the bank, and setting forth the deplorable results, sure to follow from the introduction of the banking and funding systems into the state. I have been promised copies of those documents. They will be submitted to your consideration through the public press, in a few weeks. It is well known, that an attempt was about being made to enjoin the further proceedings of the bank, and that Chancellor Quitman, after a through investigation of the subject, had determined to grant the injunction whenever application should be made to him for his fiat. Under these circumstances, a compromise was effected between the Bank of Mississippi and the Planters' Bank. The former institution, by a deed of bargain and sale, abandoned her pretensions, and for a most valuable consideration, transferred her banking house, specie and some other assets to her rival. You, my fellow-citizens, were not parties to that contract. Your constitutional rights have never been placed under the power and control of those banks. If the charter of the Planters' Bank was unconstitutional, the agreement and assent of the Bank of Mississippi could not cure that fatal defect. Constitutional rights can never grow out of an unconstitutional bank charter. The purchasers of the Planters' Bank bonds were well aware of this truth. A high rate of interest tempted them to take the risk.—They calculated on the profits of the bank to reimburse them for their advances. Let them look to the assets of the bank for the return of their capital. Like reckless gamblers, the hope of gain tempt them to incur the hazard. Let them, like their brother gamblers, bear their loss as best they may. At that period they could not have invested their money in Great Britain at a greater interest than three percent per annum. They were apprehensive that the interest on the national debt of England would not be much longer paid. No one calculates that the principal of that enormous debt ever will be returned to the holders of her stock. The European fundmangers are mere brokers, who charge the capitalists for investing their money and the borrowers for negotiating the loan. They get a per cent from both parties, and instead of losing, make millions annually, by the fluctuations in the prices of stocks. By corrupting and bribing kings and ministers, they manage to be advised of cabinet secrets and profit by political changes. King, Lords and wealthy commoners share their plunder. The laboring millions are trodden down, oppressed and tled to pamper the voracious appetites and support the luxurious splendor of their oppressors. Standing armies, bayonets and cannon keep them in subjection. The vengeance of God, will most assuredly, sooner or later, overtake these oppressors of their fellow-men.

I have now given you, my fellow-citizens, all the material facts in regard to the Planters' Bank bonds. In considering this weighty subject, deeply interesting not only to yourselves, but to your children and to your children's children, let me implore you "to direct your minds of envy, hatred, prejudice and fair," examine, carefully, all the documents bearing on the question, and above all, reflect upon the gross injustice of taxing the toiling millions to pay the debts of the profligate, idle few. I feel quite confident that the day is not far