

TERMS.

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SPEECH OF MR. C. G. MEMMINGER,

On the Question of Rechartering the Bank of the State of South Carolina.—Delivered in the House of Representatives, Dec. 9, 1848.

The following Resolutions, offered by Mr. Memminger, with sundry others offered by other members of the House of Representatives, on the same subject, were under discussion of Committee of the Whole, on Saturday, 9th Decem-ber, 1848:

1. Resolved, That it is unwise and inexpedient for a State to engage in Banking, or to subject its resources to the casualties of Banking operations.

2. Resolved, That the Bank of the State is founded on this erroneous policy, and exposes the public Treasury and the public faith to the hazards incident to Banks.

3. Resolved, That it is inexpedient to rechar-ter the Bank of the State, and that measures ought now to be taken to wind up its concerns during the period of its present charter.

4. Resolved, That a Special Committee of each House be appointed, to devise and report at the next session, the proper measures for carrying into effect the last Resolution.

When Mr. Memminger addressed the Com-mittee to the purport of the Speech which fol-lows:

MR. CHAIRMAN: I intend to discuss the ques-tion before the House, as one altogether of State Policy; and that I may not be led aside hereaf-ter by personal issues, I shall dispose at once of all such considerations here, at the commence-ment of my remarks.

The force of what I may say is sought to be broken in advance, either by imputing to the op-ponents of the Bank motives of interest, or a desire to injure those who conduct its affairs.—On the first point, I have only to say, that there is no action which the State can take in rela-tion to any Bank, which can cause me to gain or lose to the extent of five hundred dollars.—The second imputation can in no way apply to me, inasmuch as a lifetime passed near each other, has been one of continued kindness and good feeling between myself and the President of the Bank. These relations have been pre-served through the shocks of party excitement and contention; and at this moment, the only pain which I feel in entering upon this discus-sion, is, that it must produce trials and difficulty to a friend, whom in his present state of health, I would gladly have saved from this addition.—But events over which I have no control have forced this subject upon us. I have neither sought nor desired the unenviable task which is upon me. I find myself at a post which the State requires me to maintain, and I have no alternative but to discharge my duty.

The great question which has been brought up for our consideration by the Message of the Governor, and by the various Resolutions sub-mitted, is, whether it is for the interest of the people of South Carolina, that the Bank of the State should be brought to a close, or whether its Charter should be renewed? Those who think with me, are of opinion that the union of Bank and State is an unsound and injurious connection, mutually corrupting and mutually productive of evil; and that as we have succeed-ed in dissolving this connection in the General Government, we ought equally to strive to pre-cure its separation from the State Government.

In order to develop the subject more fully, it will be proper in the first place, to explain the connection which exists between the Bank of the State and the State of South Carolina, and to show how far the State is involved in the con-cerns of the Bank.

The Capital of the Bank consists of two dis-tinct parts. The first part amounts at present to \$1,123,357 00; and is made up of various portions of Bank Stock and other funds which the State owned at the time the Bank was orig-inally chartered. To this must be added, what is called the Sinking Fund, amounting at pre-sent to \$541,416 00; which is made up of the annual profits of the Bank, remaining after pay-ing the public debt, and also of the sum of \$200,000 received from the Surplus Revenue of the United States. These sums, amounting to \$1,664,773, are entirely the property of the State, and constitute the real banking capital of the Bank.

But besides this, there is a second part, com-posed entirely of Borrowed Capital, which has been placed in the possession of the Bank, and is called part of its capital. This consists of about two millions of dollars, which was bor-rowed for the ostensible purpose of rebuilding the City of Charleston. Only about one million of this was ever needed to be lent out to the citi-zens of Charleston, and the remainder has been used by the Bank in its business operations.—The money was all borrowed on the Bonds of the State, and consequently the State is answer-able for the whole of it; and any loss which the Bank may make, must of course be made good by the State. The funds therefore which the Bank is using, and which either belong to the State, or are borrowed on her credit, amount in round numbers to three and a half millions of dollars.

There is still a further connection between the Bank and the State, which it is necessary to develop. By the charter of the Bank the State has pledged her faith for its support, and in con-quence thereof, the State is liable for the is-sues and deposits of the Bank. At present these amount to \$1,728,962, and must be add-ed to the previous sum of three and a half mil-lions, or more accurately, \$5,586,632; making the total sum of \$5,315,594, for which the fi-nances of the State are involved with the Bank; and every dollar of which is at the risk of the State. An immense machine, involving nearly twenty times the annual tax income of the State!

Such a machine, I will proceed to show, is con-trary to the spirit of our Government, and to the principles of constitutional liberty.

1. It is so complex in its nature, that few have time or opportunity to understand it. In a gov-ernment like ours, which is to be conducted by the people, all its arrangements should be made as simple as possible. All experience proves, that the more completely any department is re-moved from popular scrutiny and inspection, the more certainly does it become corrupt. Even a mode of collecting taxes which is complex and removed from observation, is found to be oner-ous and repugnant to republican principles. But here is an institution vastly more extensive than the whole State Treasury, which has absorbed all the funds of the State, and involves her in a matter of five millions; which has drunk up the original State Capital, Sinking Fund, Fire Loan and Surplus Revenue, and must needs be man-aged by men expert in a particular science, and which makes out its annual accounts in state-ments which few ever read, because few only can spare the time to examine and comprehend them. What a contrast to the simple machin-ery of the State Treasury, where a couple of Treasurers receive the taxes of the Upper and Lower country, and pay them out as directed by the Representatives of the people at the annual meeting of the Legislature.

2. The Constitution of South Carolina vests the Legislative authority of the State in the Sen-ate and House of Representatives; but the char-ter of the Bank vests a larger Legislative au-thority in a Board of Directors sitting in a Bank parlor in Charleston, veiled in the mystery cre-ated by an oath of secrecy.

If an appropriation were asked from the Leg-islature for any public work, the State Consti-tution will not permit a grant to be made until a bill shall have been read on three separate days in the Senate, and on three separate days in the House of Representatives. Of course upon each reading, public discussion of the measure may be had; and as each House is required by the Constitution to keep a Journal of its proceed-ings, and by its rules to record the yeas and nays when required, the people may be kept fully advised of all that is done by their represen-tatives—and so jealously does the Constitution watch over this legislative authority, that its great right arm, the taxing power, is expressly retained in the House of Representatives, and the Senate is not permitted to originate a bill to raise taxes.

But the power which is thus so jealously watched, as to be refused even to the Senate of the State, is given at large by the Bank charter to the Directors of the Bank. Nay, they even have power which the Legislature itself cannot undo. They have power to contract debts to the extent of twice their capital, and can thus at pleasure impose upon the State a debt of seven millions, which the people would be obliged to meet, whether they approved it or not. And that too, not upon open discussion upon a bill to be read three times, but upon a mere order of a Board made in half an hour, without any dis-cussion, or if upon discussion, the reasons veiled by the impenetrable folds of an oath of sec-recy.

Here then is a clear surrender to an irrespon-sible oligarchy of the great constitutional pow-ers of Government—the power to borrow mon-ey on the faith of the public, and the power to apply it at pleasure. The only barrier which has ever been yet found against the invasions of tyranny—that with which Hampden and Pym, and their associates, combatted the first inroads of the tyrant Charles; that shield which John Hancock and our brave Revolutionary fathers retained at the expense of a death grapple with the mighty power of England—is surrendered to a small Board of Bank Directors, in the hope, forsooth, that we may make money by the op-eration; thus bargaining away the liberties of the people for a mess of pottage.

But not only has the State surrendered to this Bank the power to borrow money, and thereby to tax the people at will, but she has actually allowed them power to patronize schemes of en-terprise, which the Legislature itself would scarcely venture to exercise. The Bank may, without consulting the Legislature, or the peo-ple, engage in any scheme—commercial, man-ufacturing, or speculative—which it may see fit to foster. While we are gravely debating here whether we shall cut off five hundred dollars from the salary of the Adjutant General, or whether we shall save for the State the salary of a Superintendent of Public Works, this other Legislature may be subscribing hundreds of thousands to a Georgia Railroad, or embarking in a Bank speculation of millions, or creating any number of Bank officers and salaries, to be paid from that large treasury which the State has placed in the keeping of the Bank.

Gentlemen may suppose I am indulging in pictures of the imagination, or drawing upon far-fetched possibilities. Unfortunately, I speak the words of sober truth and reason. Take up the Bank Statement now on your table, and you will find that near half a million of the pub-lic money in the hands of the Bank, is now in-vested in Railroad securities and Bank Stocks. We have been discussing here in the Legisla-ture for more than two years, whether we shall aid the great public Railroads from Columbia to Greenville and Charlotte, and with a great effort we have at last agreed to subscribe to them a half million of dollars. The Bank could have settled this matter for them in half an hour, by doing as they have done for two of the Geor-gia Railroads which figure in their statement. Very probably it was wise and proper for the Bank to aid these enterprises. I am not now canvassing that point. But I think I may ven-ture to say, that many years must have elapsed, before any effort could have succeeded in per-suading this Legislature, so to apply the moneys of South Carolina. My design is accomplished when I show the fact. That fact proves most strikingly how much greater is the power, and how much smaller the responsibility, of our Bank than of our Legislature.

But this is not all. The Representatives of the people would hesitate much before they ven-tured to embark the public moneys in subscri-bing to a Bank speculation, or in building up Manufacturing Companies. But when the Bank of Charleston was established, this other Legis-lature did not hesitate to subscribe one million eight hundred thousand dollars to its stock, on a mere speculation; nor has the Bank hesitated

to assist various manufacturing companies by loans, all of which may have been made upon just views of expediency; but certainly are much bolder measures than could have been car-ried through the Constitutional Legislature of the State.

All these transactions were made by the Board of Directors; and as far as that is a check, had the benefit of it. But there are other transac-tions of the Bank, in which the State may be in-volved to the extent of thousands, without even the intervention of the Board of Directors. The whole issues of the Bank are under the control of the President and Cashier, and by any com-bination between them, or even at the will of the Cashier alone, the circulation of the Bank may be increased to any extent he may please. It is unfortunately too true, that both Presidents and Cashiers have been found who have betray-ed their trust; and although I have no doubt but that the present officers of the Bank are per-fectly honest, yet in establishing a great nation-al institution, we must take it for granted that it will be managed by men of like imperfection with those who have managed other institutions. It is within the knowledge of many who hear me, that two of the private Banks have suffered considerably by notes surreptitiously issued through the fault or negligence of the Cashier. The same thing may happen with the Bank of the State to any extent, and the people are thus exposed to a danger which few people are aware of, and which unfortunately cannot be discovered until many years afterwards—pos-sibly not until the Bank shall have been wound up.

3. In the third place, it will appear that the Bank of the State is the real Treasury of the State, and as such, it violates the spirit of all those guards which the Constitution in its wis-dom places around the people's Treasury. From what has been already said, it is ap-parent that much the larger portion of the funds of the State is in the keeping of the Bank. The Capital of the Bank, the Sinking Fund, the Sur-plus Revenue, the Dividends from the Railroad—then the general taxes themselves, all fall in-to the hands of the Bank, and are administered by men who hold office indefinitely, frequently for life. When we consider the jealousy which the Constitution exhibits on this score, it renders the Bank still more anomalous. By the 1st Section, 6th Article of Constitution, the Treas-urers of the State are to hold their offices only for four years, and then they are ineligible for a term. The Constitution evidently thought it unsafe to place the public moneys in any hands for more than four years. But in the Bank, where ten times as much public money passes, the officers remain for life. The President and Cashier are re-elected as a matter of course; and when a Director is changed, it is merely because either some more urgent competitor has jostled him from his place, or because he is tired of the continued struggle to keep himself before a nominating Committee.

So too the State Constitution, Article 1, Sec-tion 17, enacts that no money shall be drawn from the Treasury, but by the authority of the Legislature. But from this other Treasury, money is drawn at the will of the Directors, to buy houses and stocks, and to pay salaries at their pleasure. And what is infinitely more dan-gerous, money is borrowed on the public faith, to be loaned out to themselves or their friends, at their own absolute discretion, without check or accountability.

I cannot exhibit this extraordinary feature in our State Institutions in a more striking light than as it is depicted by one of the warmest sup-porters of the Bank, the late Comptroller Gen-eral Elmore, the brother of the present Pres-ident. "The State (he says) presents the anomaly in finance of placing not only a large Bank-ing Capital, but the whole of its Treasury, in the hands of a few individuals, with no other security for their faithful and honest management than their individual character. Character is certainly one of the best securities which can be obtained for the discharge of public duties, but I can see no reason why others should not be added. It is in vain to say, until the human character undergoes a thorough change, that you can fill the direction of your Bank with in-dividuals who will serve the State from disinter-ested motives alone; and it is a question yet to be settled, whether you are not paying your Di-rectors the highest price for their services, with-out possessing a corresponding security for their fidelity and honesty. It is known to be the prac-tice of the Bank, to extend to each Director a credit to a considerable amount. As the State gives no compensation for the discharge of this very important trust, this cannot be considered unreasonable. But it is to be feared that many bad debts may be contracted thereby, and the State become a loser to an amount which would have exceeded a proper direct compensation to the Directors," &c.

4. Should then an Institution having such powers, and governed in this manner, be con-nected with the State? Surely it must be ob-vious to every one, that if the Bank of the United States was dangerous to the whole Union, a Bank of the State must be doubly dangerous to the people of a single State. The whole pub-lic Treasury is equally involved in all the casu-alties of Banking. The provision made for pay-ing the public debt, exists in what is called the Sinking Fund, and the whole of this Fund is lent out by the Bank Directors in common with the general funds of the Bank. Of course with a view to make more money, this fund is lent out to the very latest hour, and if in that last hour any commercial revulsion should take place, it would be impossible to call in the fund, and so the public faith would have to stand upon the chance of a Banking operation. I think it may be demonstrated, that such a state of things had actually occurred when the public debt be-came payable in 1840; and that most disastrous consequences might have ensued, if the Bank had not received aid from the new public debt which was then created.

Neither does it need a labored argument to prove, that borrowing money upon the public faith, to lend the same out to individuals, is a most unsound and vicious system. The Bank of the State now holds a million of dollars in this way. Can anything be more obvious, than that every dollar of this money is at the risk of the people; and that the people are in fact the endorsers of those to whom the money is loaned? Take for instance a single transaction.—One thousand dollars are borrowed in the name

of the State, and the Bank lends the money to a Bank Director. If the Director should fail, the people must be taxed to pay the money to the public creditor from whom it was borrowed, and the people thus become virtually endorse-ers of this Bank Director. Can anything be more unsound in principle, or corrupting in practice? And yet this is the legitimate result of the union of Bank and State.

I think, then, I may fairly take it as demon-strated, that the Bank of the State is an institu-tion at variance with the spirit of our Constitu-tion—founded on erroneous principles, and con-trary to those Republican maxims which lie at the basis of all constitutional liberty.

5. The next proposition which I will endeavor to establish, is that the Bank of the State, from its very nature, operates to mislead and influ-ence in a wrong direction, President, Directors, and the Legislature itself; and that, if the Pres-ident of the Bank be a politician, the Bank vir-tually gives a master to the State.

Let it be observed in the first place, that the Directors are appointed by the Legislature; and when once in office, there is nothing to check them in making returns to those who have help-ed them into place. In a private Bank, the in-terest of the Director in the Stock, or the inter-est of the Stockholders themselves, would fur-nish some check. But on neither side do these influences operate in the Bank of the State.—The member of the Legislature is tempted to favor as a Director the man who is likely to fa-vor him with accommodation; and on the other hand, the Director is much more likely to favor a man of political influence in the Legislature, than one of mere pecuniary credit. The ten-dency of such a system on both parties must be most unfortunate; and the experience of our Bank has most thoroughly verified it. For ev-ery one admits that the scramble for a seat at the Board of Directors, and the scenes of elec-tioneering which are exhibited about this Hall, are anything but edifying to the friends of morals and good order, and must even shock the sen-sibilities of the friends of the Bank itself.

But the most baneful influence is that which is produced upon the councils of the country, by the secrecy which is wrapped around the con-cerns of the Bank. Members of the Legislature become the subject of its influence through both hope and fear. A man may have procured a large loan which it may ruin him to be called on to pay. A measure vitally interesting to the Bank may come up for discussion, and this very man may be a member of the Legislature which is to act. Were it known that he was in the power of the Bank, his influence would be lost, and his words would be unheeded. But shrouded in darkness, he is allowed to stand up here, and commend himself to his Bank supporters, or he may even be constrained or urged by them to take their part, and assist in sustain-ing their power.

Again, The natural tendency of all power and influence is to seek its own increase. The President and Directors are ever on the alert to increase the funds of the Bank, and thus to ex-tend their own power and influence. Every oc-casion is seized to stave off the payment of pub-lic debt, or other demands which may diminish their resources; and the result is that Govern-ment Banks are ever the active fosterers of all schemes of extravagance and wasteful expend-iture. We shall see in another part of this argu-ment whether our Bank has escaped this evil tendency.

The last consideration which I shall urge on this head, is that a State Bank, which ought in fact to regulate the currency and keep it sound, operates the direct contrary, and furnishes an unfortunate and evil example to other Banks.—This consequence results from the impunity at-tending their delinquencies. They know that the State will exact no punishment from the Bank for trying to make money. Instead there-fore of keeping on hand a large supply of specie to redeem their paper, they increase their issues on the one hand, because that is profitable, and diminish their specie on the other because they lose interest by keeping a large amount of coin; and having thus increased the disproportion to the greatest degree, they furnish an example, behind which the private banks gladly shelter themselves. The Legislature itself is prevented from doing its duty, because of the influence of the bank itself upon their deliberations; and be-cause of the just application of the adage, that the physician should first heal himself. The State is obliged to sit down, and see the best interests of its people endangered by an unsound and fluctuating currency.

6. Having thus established the radical un-soundness of principle upon which the Bank of the State is founded, I proceed in the next place to show, that the experience of other States unites in condemning all similar institutions, as baneful to the welfare of society.

The Bank of the United States has furnished a striking history on this subject, that our peo-ple (who lost three millions in its catastrophe) need not be reminded of its details. Its con-demnation is written in those deeply traced characters of national suffering and abhorrence, which I trust will never be erased from the mem-ory of our people.

The Pet Banks (as they were familiarly term-ed) furnish another example of the disastrous union between Bank and State. Our State from the earliest moment, wrote her condemna-tion of that system; and as far back as 1836, her Legislature solemnly recorded her judgment that the public moneys should not be subjected to the casualties of Banking operations. In this opinion South Carolina has persevered up to the present time, repeating her solemn declaration at various periods, and satisfied that truth is on her side. Since the connection between Bank and State has been severed, we have the testi-mony of the President of the United States, that the Government experienced not the slightest embarrassment throughout all the money trials of the Mexican war; and that not a single dol-lar of public money has been lost to the Treas-ury.

To be concluded.

Col. Robert Howard, an old and highly re-spected citizen, and for many years Naval Offi-cer of the Port of Charleston, died yesterday after a protracted illness. In respect to his memory, the flags on the Custom House, and on many of the vessels in the harbor, were placed at half mast.—Char. Mercury 22d ult.

We call the attention of the community at large, and especially of our representatives, to the communication from the Lancaster Senator and Representatives. Lancaster is now, as she ever has been, "close by" when called upon to defend her rights.

ABANDONMENT OF THE WILMOT PRO-VISO.

It is now given out from all quarters that the North will abandon the Wilmot Proviso—that she will, rather than push a dissolution, content her-self with the admission of California as a State, with her present Constitution, and provide Terri-torial Governments for the Territories. She may well be content, when she has all she has ever asked. She will have California a free State by the vote of its own citizens, it is true; but its citi-zens are made up from the Abolition ranks, for the very reason that the eternal agitation of the slave-ry question by the North, prevented Southern men from emigrating there, and made the voting com-plexion what it now is. They will make wonderful concessions, no doubt, until they can get us by the Nashville Convention, and then, when all help is gone, laughing at our folly, will finish the work our degradation.

For the letter of our Washington corre-spondent, and other matters of interest, see first page.

A writer in the Courier nominates Hon. William DuDose as a delegate to the Nashville Convention. A correspondent of the Mercury al-so nominates Col. James Gadsden. The Carolin-ian mentions the name of Hon. Joel R. Poinsett as one of the nominees.

With pleasure we notice that Richard M. Dyson, Esq., has taken charge of the editorial department of the Sumter Banner.

TWO ROBBERIES.

Some weeks since, a man calling himself Zach-ary Washington, robbed the United States of Mr. Hanegan as Minister to Berlin, and the latter was, on his arrival in Washington, robbed of \$50.

Mr. HUDSON, the true delineator of Irish Character, we are pleased to state, is now in our town, and will give an entertainment to-morrow Evening. From the reputation which he bears, this gentleman is well worth hearing. We bespeak for him a crowded House. The Columbia Tele-graph of the 28th, says:

Mr. Hudson's entertainment last evening was even superior to his former effort. The "Random Shots from Rory's Rifle" were evi-dently aimed by no random hand, and the loud and enthusiastic applause with which he was greeted testified the appreciation of the intelli-gent audience.

Mr. Hudson on the boards is certainly a true representative of the Irish character, and his merits go beyond this—for, if we are not mis-taken, he displays the best points of that char-acter wherever he goes—on the stage or off.

Mrs. Hudson presided at the Piano with much skill and taste, and her accompaniment was a valuable addition to the entertainment.

TO THE CITIZENS OF LANCASTER DISTRICT.

At a meeting informally held by the members of both Branches of the Legislature, of South Carolina, in the Chamber of the House of Rep-resentatives, on the night of the 10th of Decem-ber last, for the purpose of responding to the pro-posal of the people of Mississippi, to hold a Southern Convention at Nashville, Tennessee, on the first Monday in June next, the following Resolutions were unanimously adopted:

1. Resolved, That we regard with feelings of lively satisfaction the late movement in Missis-sippi in defence of the rights and interests of the South, and hail it with joy as the first step to-wards that firm, united, and concerted action among the Southern States, which a sense of their common danger imperiously demands.

2. Resolved, That the recommendation of the State of Mississippi of a Southern Convention to be held at Nashville, Tennessee, on the first Monday in June next, should be cordially em-braced by the whole South, that by common counsels we may avert the common calamities impending over us through the action of the General Government, driven on by the lust of power and the fell spirit of fanaticism.

3. Resolved, That for the purpose of carry-ing out the recommendations of the people of Mississippi it is expedient that in Legislative cau-cus, we should nominate four Delegates to rep-resent the State at large in the Convention pro-posed to be held at Nashville.

4. Resolved, That still further to carry out the recommendations of the people of Mississippi we respectfully recommend to the people of the State, to meet together, on the first Monday in April next, in the various Parishes and Districts of the State, to nominate as many Delegates as they have members of the Legislature, to meet on the first Monday in May succeeding at some central and convenient point in their respective Congressional Districts, then and there to nomi-nate two Delegates to represent such Congres-sional District in the State in the proposed Con-vention.

5. Resolved, That entertaining a sincere de-sire to co-operate with our sister States of the South in any movements which they may deem necessary for the common good, and having entire confidence in the wisdom, integrity, and firmness of the Southern people, when assemb-led in said Convention, we feel and express an undoubting confidence that the people of the State of South Carolina, will yield a faithful and un-flinching support to any measure which said Convention may recommend.

You are therefore requested to meet at Lan-caster Court House on the first Monday in April next, for the purpose of carrying out the recom-mendations set forth in the fourth resolution.

DIXON BARNES, GEO. McC. WITHERSPOON, S. B. MASSEY.