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ART. I.—THE PRINCIPLES OF CREDIT.

[THE following Lecture was originally prepared for the Mercantile Library Association, but as when finished it appeared too long, and in some portions too abstract, for delivery as a lecture, the author substituted another in its place, reserving it, however, in its original form, for publication in our Magazine.]

IN selecting for the topic of consideration, this evening, the subject of credit, I was not prompted by the belief that I could set forth any very new or startling theory, or make it a medium for the display of brilliant images or effective declamation. My only motive for preferring it, sprung from a conviction that the discussion might be useful. There is no question more generally agitated at this time, than that which relates to the precise use and value of credit, and none wherein the opinions formed are more widely divergent from each other, or more frequently rest upon a very lax foundation. And inasmuch as in our country men generally act at once upon the modes of thinking which they have formed, without waiting very nicely to sift their abstract soundness, it is not impossible that a period may soon arrive, when those which shall prevail upon this subject may have immediate and very seriously injurious effects upon the public welfare, if some attempt is not previously made to keep them from going wrong. Circumstances, which I need not name, have of late made most of us think more about credit than we ever did before; and out of the conflicting views taken of its operations, parties have already made themselves distinctly visible. On the one hand, there are some who, from very narrow and exclusive observations of the evil that follows its abuse, so far overlook its real nature and indispensable utility, as to arrive at the remarkable conclusion, that its use does not benefit society. And, on the other, a different class, whose habits of life have led them to exaggerate its force, have ascribed to it a degree of active power which does not appear to me to exist, and the performance of effects in my judgment far beyond its reach. Between these wide extremes, you will perceive that there must be a great deal of ground. Unhappily, however, it is too much the case, that whenever any subject

falls into the hands of men previously inclined to differ with one another, the tendencies are to fly to extremes equally wide from the truth, and even studiously to shun the middle ground where it may usually be found. For that is too plain, and too solid, and too commonplace a situation, to satisfy the minds of combatants more anxious to fight than to be pacified.

Yet it is just so plain, and so solid, and so commonplace a situation, as I have now described, that I am anxious this evening before you to occupy. My desire is only to follow what appears to me truth, no matter how old or unprepossessing she may appear. Yet in doing so I know I must give up the hope of picking up in the path a jewel or two of fancy, that I could throw out to dazzle your imaginations, and I fear I shall not avoid passages of dry disquisition that may tax your patience. It is idle to hold out expectations which must be disappointed: rhetoric can doubtless be made to adorn many branches of knowledge, but you will probably agree with me in opinion that it would make political economy look tawdry; and however happily metaphor may serve to illustrate ideas in other departments, I feel very uncertain of its use when, as in this, the path is not so clear, but that a very slight misconception of similarity may have important results in misleading us into confusion.

It is of credit, then, that I would speak this evening; and to that end I deem it best to begin by stating, as simply as possible, what I mean by the word.

Credit, in political economy, appears to me to be the general belief entertained of men, that their action will correspond to promise. And commercial credit is the same belief applied to the performance of pecuniary contracts.

If I am right in this definition, credit, in commercial nations, is little more than public opinion. The private belief of any one member of society, that the persons with whom he is in the habit of dealing will perform what they promise, coincides in this point with that of every other member to such an extent as to make a basis upon which the action of the whole may rest. But this belief does not spring up of itself in their minds, but is rather the result of experience. Credit cannot therefore be considered a voluntary act of the mind, nor can it be created by an artificial process. You can as little refuse it to one individual who has in all his life performed every engagement made with you, as you can give it to another who has as regularly failed in so doing. It is dependent upon the performance of certain preceding conditions, which no state of circumstances can for any length of time materially change. And in this light it is utterly immaterial who the promiser is that is brought under consideration, whether societies of men or individuals, whether chartered companies, cities, states, nations, or the humblest citizen. They, none of them, possess any peculiar claim to credit, beyond that which may belong in common to them all. They all equally depend for the free enjoyment of it upon the knowledge which their own conduct has contributed to furnish, as well of their ability as of their being trustworthy.

But in order to make this more plain, it may be as well to analyze the parts which go to the establishment of the knowledge here alluded to. Credit cannot be maintained in a commercial community, unless,

First—There is a positive amount of capital existing in it ;

Secondly—There is general fidelity in the performance of engagements ;

Thirdly—The co-operation of the sovereign authority may be relied upon.

And, first, of the manner in which credit follows capital, I fancy it will not be necessary for me to take up much time to treat. In every society at all advanced in civilization, where the division of labor and the right to property have once been established, there will be some individuals who will have accumulated a greater share of the excess of their earnings beyond their wants than their neighbors. This excess will in their hands constitute capital. And the knowledge commonly had of their possession of it, and hence of their ability to compensate a given amount of labor whenever they choose to set it in motion, constitutes their credit. But inasmuch as it is wholly impossible for the public opinion to be always accurate in estimating the precise amount of capital which each citizen can command, and there is a natural inclination in the human mind to magnify what is not certain, it is not unusually the case that a greater ability is ascribed than proves actually to exist, and through this means a greater degree of credit arises than the positive amount of capital acquired would seem to justify.

But whatever the sum of capital may be, and the degree of credit which will necessarily attach to it in any community, they can never be made practically beneficial, unless the second of the conditions I have enumerated is fully complied with—general fidelity in the performance of engagements. This is the stimulus to all the active industry of modern society ; for it creates the disposition to believe a promise of future labor equivalent to present capital, and hence promotes exchanges between the two. To make men work to the production of commodities or of the fruits of the earth beyond their own immediate wants, there is nothing like the conviction that they will realize the worth of their labor beforehand assured to them. But the certainty of this will necessarily depend in a great measure upon the moral qualities of the population ; and the belief in its probability of occurrence will vary with the opinion had of the prevalence of honesty, or its opposite, in the construction of contracts. My desire is, by no means, in what I have now to say, to trench upon the province of the teacher of morals ; but no mere scruple of delicacy ought to weigh so far as to deter me from proving the value, even in the narrowest and most economical view of the subject that may be taken, of a strict sense of moral justice to the maintenance of credit. If it is important to a people who trust to this resource as much as we do, to understand its exact nature, it surely is not less important fully to be sensible how inseparably it is intertwined with the code of private life, and how soon it will decline under a lax construction of the term duty. Commercial engagements, doubtless, frequently rest in part for fulfilment upon the sense that it is the best policy, in a worldly point of view, to adhere to them ; but as this can work no restraint upon the violation of them one moment after the period when that policy may appear to lie on the opposite side, it is plain that self interest can not be a basis for perfect credit—nor can it take the place of the reliance upon good faith and substantial honesty, which alone will insure the execution of an agreement after it is clearly ascertained to be disadvantageous to the

party performing it. This reliance is at the bottom of almost all undertakings. Without it, the fabric of mercantile honor would fall to the ground at once. It lies at the foundation of the punctuality expected in money payments, without which credit would be of little value. Could a state of things be attainable, in which this punctuality would be perfect, and no promise ever fail of performance, it is not too much to say, that the precious metals would be no longer useful as coin, and would remain, like other merchandise, valuable only in settlement of balances. But the imperfection of human calculations puts out of all probability any happy result like this, and leaves us to the exercise of our own sagacity to avoid the evils that flow from it. A mixture of good and bad fortune (as it is commonly called) is incidental to undertakings which have any proportion of uncertainty in result. Yet, inasmuch as in the ordinary course of affairs, the success of prudent men is likely to preponderate over failure, there is a fair field left open upon which credit may be tried. This cannot be the case, the moment dishonesty and fraud are carried so far as to sap the foundations of mutual dependence. There can be no credit where there is no confidence in one another. And if we rise from this as the very lowest point, it will be found to be true as a general proposition, that exactly in the proportion in which sound principles and morals preponderate with a people, in forming their rules of action, over infidelity and fraud, will be the measure in which credit may be turned to profitable use.

The disposition to perform promises is, then, as essential to the establishment of credit, as the ability. The two combine in every community to create that species of confidence which may be made the basis of action. But it is the first, only, which makes the prosperity of a nation an index of moral qualities of superior excellence. It is advisable to remember the connexion which a good state of credit bears with the performance of duties of a higher character, on many accounts, but most particularly on this, that the enemies of the former may clearly understand the precise nature of the position they are about to assume against the latter. Credit may be most effectually destroyed, if the sense of the people can be demoralized, and they are made regardless of all law, divine or human, but their own will. But it may be as well to reflect a little upon the consequences to social prosperity of adopting any step that may lead to such an end; and also to endeavor to discriminate between the evils to which an abuse of credit may lead, and those which may follow a decline of its use. The mere payment of a merchant's note when due, may not in every case, I admit, be unequivocal evidence of the good character of the signer. But in the long run, it will be found, that the same motives which prompt that payment, will in the great majority of cases extend their influence over general conduct in all the relations of life; and that they trace their origin to the observance of that golden rule of our religion, the doing to others as we would they should do unto us.

But besides the possession of capital, and in addition to the prevalence of fidelity to promise, I have mentioned still another element which is quite as important as either of these to the support of good credit in a community—and that is, the co-operation of the sovereign authority. This is very important, as well because of the force which the example of a government will always have either for good or for evil, as because

of the control which it must necessarily exercise over all the means by which contracts can be executed. Allowing the amount of wealth in a country to be great, and the disposition to perform engagements to be ever so strong, there must yet co-exist with them some medium which may be resorted to by all parties as a known standard of value in every case of adjustment of differences—and this medium it is the province of the sovereign power in the state to establish on a permanent and durable foundation. A well settled confidence that no obstacles will be artificially interposed to the fulfilment of promise in the sense in which it is made, and that in case of violation, recourse may be had to means of enforcing justice between man and man, is indispensable to credit. Perhaps there is no lesson which has been more fully taught by the experience of the past, in every part of civilized Europe, than that which shows the fatal effect of errors of rulers upon the public prosperity in this regard. But as it is easier to explain this point by illustration than in any other mode, I propose to cite, from among many, only one or two historical examples of its truth.

The importance of preserving the standard of value uniform, is nowhere more strikingly shown than in the history of the great Louis of France. Reaching the throne at a peculiarly fortunate moment, when the policy of two successive ministers had brought into some order the previously discordant elements of his government, it would seem as if he had little to do but to cherish the prosperity of his people, just reviving from the horrors of civil broils. Instead of this, however, his pride led him into wars; and these, at the end of forty years, had produced few conquests and many very heavy debts. It was found that the resources of the kingdom had been so heavily drained, that it was not possible to meet the interest that became due. Then occurred the remarkable expedient of tampering with the coin. The marc of silver, a weight equal to about eight of our ounces, which had uniformly before that time been coined into twenty-eight pieces, called livres, was now made by a decree of the king to furnish forty. And a livre being a livre, whether it contained one grain of silver or one hundred, of course all promises made to pay in livres were materially affected in value by the change. The king was thus enabled with every marc of silver to pay forty livres of a debt, in contracting which he had received the same marc for twenty-eight livres, and every private debtor had it in his power to follow his example. Every contract previously made to pay money in livres, was therefore broken to the extent of the difference between twenty-eight and forty, and every creditor was robbed of about three tenths of the silver which was actually due. This is one of those measures which credit cannot very well endure. The sovereign power had sanctioned a deliberate fraud, and his mint was daily busy in issuing to them the evidences of it, stamped with a falsehood on one side, and his own image, to attest to his participation in it, on the other. There was not probably a single industrious citizen of France who did not feel the effect of this measure. Indeed, so soon did it become palpable, that the sovereign endeavored to apply a remedy, which proved in fact even worse than the disease. A new decree brought back the coin to the old standard. But this was a gradual process, establishing eleven different changes before it arrived at the desired point, at the end of two years. In the meantime, however, let us reflect for a moment upon the operation

of such a system upon all new contracts as well as old ones. Was there a debtor in France who could tell exactly what he should have to pay, or a creditor who could estimate precisely what he might receive? And, to fill the measure of dishonesty, when these laborious steps of a disordered and fluctuating metallic currency had all been passed, the death of the repenting monarch again changed the system, and brought back a repetition of the original offence. Twenty-eight livres of the standard of one day were made to pay forty livres of the standard of the next. And strange it is to observe among the striking inconsistencies of human action and human reasoning upon it, which the records of life furnish, that the regent Philip of Orleans could at one and the same moment reject with scorn a proposition for a declaration of bankruptcy on the part of the state, and adopt a measure which at a blow deprived all public creditors of nearly a third of what was justly due to them. And writers have been found to laud the magnanimity of a profession which did no man any good, whilst they have passed over with little censure an act which robbed a whole class of citizens of a considerable part of their lawful property.

It is plain from this example, that the possession of capital and the disposition to fulfil promises are not of themselves sufficient to establish credit upon a solid footing, without the co-operation of the sovereign power of the state. To that power only can we look for the regulation of the medium in which money contracts are performed, in such a manner as to insure a ready means of construing their nature, and for the establishment of a mode by which compulsion may be resorted to whenever there is hesitation or neglect of performance. In this view of the subject it is, that mere instability in the administration of affairs has so injurious an effect. In the case which I have presented to your consideration, the vacillation in policy was even more fatal than its positive dishonesty; for this could be remedied by the action of that conservative principle of our nature, which in the future guards against the recurrence of contingencies that experience has proved to be injurious, provided always that any data can be given beforehand upon which calculations may be made. But it is the misfortune of an unstable public policy, to destroy all possibility of arriving at such data. When the character of the currency of a country by which all property is measured is suddenly and arbitrarily and frequently changed, what industrious citizen can ever feel sure even of earning bread by his labor? Let him agree to make a hat, a pair of shoes, a chair, or to furnish any other commodity or product which is the result of industry, and what security can he arrive at, that between the date of his agreement and performance, a new expression of the value of the money of account will not deprive him of the fruits of his industry, and make him even poorer than before? A lender of money can, under such circumstances, have no confidence that he will get back as much as he lent; and a borrower may equally feel liable to repay a great deal more than he received. It is then the natural consequence that both operations stop—that is, in other words, that credit dies. Tampering with the currency is one of those things that uproot all mutual confidence. In the instance already cited, the industry of France sunk under the blow struck by the hand of a more renowned than enlightened monarch, and from that day the predominance of her island rival may be said to have become more and more de-

cided. The statesmen of Great Britain, to whom a similar policy was then, as it has often there and elsewhere been since recommended, were wise enough to listen to the voice of that profound thinker, and not less safe practical guide, because a deep metaphysician, John Locke, and thus to avert from their country the train of calamities which the sister kingdom suffered as a penalty for error.

There is another example of the effect of misgovernment upon credit, which I cannot help quoting, for the striking absurdity of the measure adopted. Every body in our day is acquainted with the general history of Charles XII. of Sweden. But the particular fact is not much known that, when by the exhausting effects of the long wars which he so much delighted in carrying on, his military chest became entirely empty of gold and silver, and no hope remained of squeezing out more from the exhausted resources of his people, he resorted to a somewhat novel experiment in currency to supply his necessity. He caused to be stamped at the mint many small bits of copper, with the words *One Daler* upon one side, and certain figures drawn from the pagan mythology on the other, and these he proceeded to pay out to his troops at the nominal value expressed on their face. Now a king may no doubt do many things which common men cannot, but none yet heard of have discovered the secret of the philosopher's stone, or transmuted base metal into gold. The whole thing was a cheat of the worst kind, the barefaced nature of which was its only recommendation; for its effects upon the community thus became much more circumscribed than they might have been, had he done what has been so often done elsewhere, infused a little silver into his coin. His act was a fraud, but it at least had none of the meanness of deception. It seriously affected his creditors, but extended its injury to not many else.* I cite it most particularly to remind you, gentlemen, that it is not, after all, the mere fact of a currency being metallic which makes it more safe than paper, and that credit has an important part to play in the stamp even on the most valuable metals.

The great importance of government to the maintenance of credit, is then to be found in the duty which devolves upon it, of giving certain stable means as well for the voluntary as the compulsory performance of contracts. The standard of value to which all may appeal, can be provided in no manner so well as by the sovereign authority, when that authority is properly and judiciously exerted. This done, nothing remains but to secure a fair and equitable dispensation of justice. The first reliance of a creditor is commonly upon the good will of his debtor; the second, upon the law of the land. If, when the first fails him, the second proves effective—if the forms of proceeding are simple and cheap, the judgment upon the merits certain, and the decree easy of execution, then is all done towards the support of credit which government can do, or should be expected to do. But if, on the contrary, the laws are obscure and unintelligible, the courts capricious and unsteady, or their decisions are annulled or evaded by the successful resistance of the community or any part of it, then will there be a plentiful brood of dark

* The writer has in his possession a series of these copper coins of Charles XII. They are believed to be still common in Sweden.

suspensions engendered, and confidence will immediately decline. The indispensable thing is uniformity of system, both in the institutions of a country and in the manner in which they are administered. Fluctuations bring on the process of hoarding treasure; great masses of capital cease to be of any value at all, and the productive energy of society, with all its effects upon public improvement, is, to a corresponding extent, paralyzed. Such being the operation of errors in governing to undermine the prosperity of a nation, you can easily form to yourselves an idea, gentlemen, how important it is that correct notions should be extensively prevalent, and how much evil may happen, if, by an indistinct confounding of the abuses to which a high state of credit sometimes leads, with the principles upon which that state of credit itself reposes, hasty measures, intended to remedy the former, may be adopted, which shall have the effect of undermining the latter, and bringing the whole fabric to the ground.

The daily and hourly influence which the mode of administering public affairs has upon credit, is the consequence of the conviction generally entertained of the effect for good or evil which every act of a ruler has upon the body politic. There is not an event of importance that takes place in any part of the world, that has not some operation upon the good or bad termination of the plans of active merchants in highly commercial countries. Even the chance words of leading statesmen have, sometimes, made great changes in the pecuniary affairs of individuals having no sort of connexion with them. The reason of this is, that they are construed with a direct reference to the probability of performing promises, which we have defined to be the essence of credit. Hence it is, that a duty would seem to fall upon men in high place and authority, to be slow and considerate in the introduction of new projects, however good they may in the abstract appear; and above all, to be wise as well as moderate, in their speech. And a correlative duty lies upon every active citizen liable to be affected, no matter what his condition in life may be, thoughtfully and with care to exercise that part in the direction of the government, which the particular form he lives under may happen to have assigned to him.

But such is the chain that binds together all the duties of life, whether political, moral, social, or economical, that it is difficult to consider one division of them without including all the rest. I may thus have appeared to you to be digressing from my topic, even when I have, in my own opinion, done nothing more than simple justice to it. My object has been to show you what credit is; and in order to do this, I have been obliged not merely to define it, but to go on to show the elements upon which it depends for existence. If my attempt has been at all successful, you will now understand, that capital supplies the means; private fidelity, the will; and the sovereign power, the ways, to the performance of promise; a general conviction of which makes credit, as it exists in commercial communities. The foundation being thus firmly laid, I can with greater confidence proceed to the edifice itself. The peculiar forms in which credit is used in the daily transactions of mercantile life, must now come under our consideration; and, inasmuch as these give occasion to most of the differences of opinion entertained upon the subject, it behooves us to creep with modesty and caution over the disputed ground.

Supposing, for a moment, credit to be well established in a country, by a concurrence of all the elements which I have considered as essential; the next question that comes up is, of what precise advantage is it to the community? The answer to which is, that it stimulates production. It comes in to make available the greatest possible amount of the national resources. It acts as the common friend of capital on the one hand, and industry on the other; the first of which supplies the tools, the second the will and strength to use them; in this manner concentrating the force of both upon the attainment of some valuable end. The proverbial tendency of wealth is to relax exertion—that of poverty, to breed despair. The rich incline to fear—the poor, to rashness. The former, frown upon new schemes, the result of which depend in any measure upon fortune—the latter eagerly embrace them, even when the chances of success are not much in their favor. Between these extremes, there is obviously a great interval, which can only be filled by the agency of some third power like that of credit. She comes to both with a smiling face, and while she inspires the one with the confidence that makes his purse strings fly open, and his money to flow into new channels, she presents to the eager hope of the other party, visions of the future which set into full exercise the wits, and bones, and muscles, and sinews, that constitute all his natural inheritance. United, these parties co-operate to the advancement of the social prosperity; whereas, in a state of separation, they consult neither the general good nor their own. Set before the man of property, whose habits are not those of labor, an object as seductively profitable as you can make it, and if the condition to attainment is the severe application of his physical as well as mental efforts to the overcoming all obstacles, he will rather prefer to bury his money under ground, and stand perfectly still. Present, on the other hand, to the poor laborer the same object, and give him no means to buy wherewith to live whilst he works it out, and you might just as rationally ask him to leap over the Andes. It is hope that presents incentives to exertion—hope, which marshals in order that body of pioneers who take the van in the army of life, and who level the forest and drain the morass, that future thousands may take up their line of march in behalf of the added millions to come after them.

It must be borne in mind, that this interference of credit is, however, made only by appealing equally to the self-interest of both parties in the connexion that it forms. Credit has little to do with the loans made sometimes for mere purposes of immediate consumption. Its operations are carried on upon a presumption that some positive benefit is to accrue, and some addition is about to be made to the resources of mankind. Whatever shape commercial credit may assume, it will always be found to rest upon some basis of value, real or supposed, at present existing, or to be created out of the application of labor. The object of loans is to realize a profit both to the lender and the borrower. And this end is commonly arrived at through the modes of satisfying the wants, whether natural or artificial, which a high state of civilization will always create. No man borrows money to please his creditor merely. The usual motive is to be found in the compensation for his labor and risk which a judicious employment of it may furnish. But that labor is always exercised upon some positive object, which for the time is considered as valuable property, no matter what it may be. Commonly, it is land, or its vari-

ous products which sustain life, ships, or commodities of general utility. Sometimes it consists of varieties of tulips, India rubber, fine pictures, or mere objects of fancy or taste. It matters not much what the subject matter for industry to work upon may be, so long as it procures some return for the outlay. But the probability of such a return is much less strong in the one class of such cases than in the other. Upon this probability it is peculiarly the province of credit to determine. The good or bad results of all undertakings partake very largely of the character of the individuals who carry them on, of the precise circumstances under which they are executed, and, in short, of a thousand undefinable chances which will inevitably happen even to the most wisely planned. But it is the preponderance of the one or the other fortune which gives to credit its vibration; and the average of success or misfortune in a trading and business community, during any season of length, will furnish some criterion of the force or feebleness of the movement it will make.

Commodities find their way from one portion of the globe to another in the course of trade, to be exchanged for others. But as these cannot be uniformly exchanged upon even terms, balances will arise to be settled in money. One of the most useful methods in which credit is employed, is in the contrivance of bills of exchange, which simplify the payment of these balances. These are generally resorted to as simple modes of exchanging equivalents, without the necessity of complicating individual transactions, or of a constant resort to money. Their value, however, depends entirely upon the credit which is given to them, that is, the confidence had that the promise they contain will be exactly and literally performed. And so general has been the sense, over the world, of the benefits to be derived from their use in commerce, that there are few governments who have not enjoined that performance upon their subjects, by the application of penalties of peculiar severity for every violation.

But inasmuch as this is a branch of the subject upon which there is little diversity of opinion, let me take up no more of your time upon it, but pass on at once to more disputed points. It may be recollected that in a former part of this lecture, I stated it to be a peculiarity attending the possession of capital, that a greater ability to perform promises made upon the strength of it was commonly ascribed to it in a community than usually proves to exist, and hence a greater degree of credit arises than the sum actually possessed would seem to justify.

This, gentlemen, is the origin of banking. Dealers in money soon discovered that their obligations to pay money were received among their neighbors and friends with exactly as much confidence as if they were money; and that these obligations were often retained in the hands of those persons for a considerable time before they were called upon to redeem them. Experience reduced the length of that time to a matter of calculation; and hence it became clear, that a profit might be realized, not only upon the amount of positive capital in possession when lent out upon interest, but also upon a certain amount of credit which could be kept in active circulation upon the mere faith that it could at any moment be converted into capital. If this faith was strong and extensively entertained over large sections of populated country, and the amount of capital was considerable, the profits derived from the use of it would of course be great in proportion; but, in every case, experiment was

sufficient to make data upon which cautious managers could safely rest their calculations. This simplest form of bank money would, probably, have been the best and safest for all the community, if none but real capitalists had ever been likely to issue it; for they would, in most cases, be restrained by their fears of loss from carrying their credit beyond a certain and very safe limit. But the misfortune is, that none but very sharp and well-trained vision can readily discern who it is that really possesses capital, from those who only pretend to it; and even that is sometimes at fault, until at least a portion of the damage caused by the mistake has been done, and is beyond remedy. There will always be individuals in every community, who will seek for the profits attending the skilful use of capital and credit, without having either the skill or the capital, and who, therefore, will make up their deficiencies by fraud upon a credulous and confiding public. And the discovery of their dishonesty will have such a reactive operation to withdraw all confidence in any but the most positive and undoubted names, that the inevitable consequence results of a monopoly of credit among those names already famous for the possession of overgrown wealth, and through this monopoly increased opportunities of piling gold upon the already towering mountain of their worldly goods.

These considerations may help us to a decision upon the question that has been much agitated of late years, whether the business of banking, and the advantage drawn from the use of credit, should not be left open to all the members of society, exactly as every other kind of occupation is. The theory must be admitted to weigh strongly upon the affirmative side; but here, as in many other points of political economy, the abstract right, when applied to men all over the globe, marked 1, 2, 3, and so on, like so many cattle, is one thing; and the same right, considered with due regard to all the circumstances which surround men in daily life, is another thing. Our political institutions, for example, rest in a great degree upon the preservation of a general equality of outward condition among our citizens. Now, if an unreserved course could for a time be given to the circulation of all promises resting upon credit, the natural consequence would be a great abuse of it by many. This would, for a moment, occasion extensive public distress. Dear-bought experience would then, perhaps, teach a lesson of such caution as would reject all faith excepting in the very few persons whose large visible property could admit of no doubt of their solvency. But what would this bring about, if not the erection of the colossal and very anti-republican fortunes which we see even now to exist sometimes in the banking houses of the countries of the old world?

The desire to avoid the dangers likely to flow equally from these extremes, probably combined with the poverty of individuals, to originate the peculiar system of joint-stock banking, for which our country is remarkable. On the one hand, the wish to deprive knaves and mere adventurers of the opportunity of imposing upon their neighbors merely specious promises in lieu of money; and, on the other hand, the wish to deprive the few relatively rich of the monopoly which the reputation of their wealth would have given to them in the use of credit, gave rise to the practice of applying to the state legislatures for acts of incorporation. This appears to have been the beginning of the principle of association which has been so extensively carried into practice during the last half

century. Under it, the positive advantage has been, that the industrious but poor borrower has been able to procure the use of capital at a reasonable price, without having to thank a rich lender for doing him so great a favor; and what is more important still, the small properties of the country have, in a very safe and legitimate way, come into the enjoyment of a portion of the profits of credit which ordinarily follow only great masses of capital. An accurate survey of the ownership of our joint-stock banks would, if I am not much mistaken, establish the fact, that the shares are in general held in very small sums, and by persons of moderate means. The effect of which has been, to establish moneyed institutions, in which the interest of the capitalist is not strong enough to overbalance that of the active producer; and the natural right of the former to the exclusive use of the advantages inseparable from his wealth, is qualified in its character by extension to a great circle of poorer individuals, who could have expected to avail themselves of it for their own benefit by no other conceivable way.

It must, nevertheless, be freely admitted, that this practice has been attended with one of the worst perversions of the system of credit that can well be conceived of. It has been sometimes carried so far, as to make the right of the capitalist to lend his money entirely secondary and subsidiary to the interest of him who desires to borrow it. It has, moreover, stimulated the organization of a banking system which does not rest as much as it ought upon capital, and hence fails in one of the great essentials of the credit which it seeks to establish. The strange anomaly has more than once presented itself in our annals, of bankers professing to lend when they do nothing but borrow money, and that only through a gross deception practised upon the credulous public. The privilege of credit has thus been made to pass from the hands of the possessors of capital, and to go, by a wholly artificial process, into the hands of those who most want it. Hence, banks have at times ceased to be created even by the aggregation of small sums of capital, and become mere instruments to raise funds out of the confidence of a good-natured community. In this form, they have occasionally been in the nature of screens, behind which daring individuals have played at very deep stakes in the game of fortune—taking the profit if they won, and without any means of making good their deficiencies if they lost. Here is to be found the root of most of the doubt and dissatisfaction so generally entertained at this day of the working of the credit system. I will not pretend to deny the existence of this abuse, nor to cover it from sight. But it does not appear to my judgment out of the reach of correction, without the necessity of resorting to remedies, which, by their natural harshness and ill-considered severity in applying them, might be the means of creating greater distress than does that evil which they propose to cure.

But if we are to expect a correction of it, the first step towards it must, unquestionably, be a modification of the views which are very extensively held by commercial men, of the nature and force of credit. There are not a few honest and well-disposed citizens, both here and in Europe, who, by viewing some facts which are well known in the history of banking rather too one-sidedly, have almost convinced themselves that there is a substantive existence in credit remaining even when separated from capital, and after promises made cease to be performed or

even relied upon. The consequence has been a tendency to disregard the safe proportion which credit should always bear to capital, and entirely to overlook the indispensable necessity of literally performing contracts. Even in the most prudent and cautious circles of our oldest cities, opinions are often broached, and action based upon them, the grounds of which ought at least to be thoroughly investigated before men should rest satisfied with their soundness. The practical effects of them appear to me to be made manifest in two ways. The first of these being, that most banks do not pay proper attention to the necessity of keeping the resources they have in their capital sufficiently within their reach to hold up their credit when it is in danger; the second, that in the desire to secure the ultimate value of promises, the necessity of insisting upon their never being violated appears to be underrated.

It has sometimes appeared to me, gentlemen, that the radical error of the banking portion of the credit system in America was to be seen in the mode in which the capital is originally invested; and, moreover, that many of the most favorite modern projects of reform in this regard, although decided improvements upon the old method, are not in any sense to be regarded as correcting it. There is some confusion of ideas more or less prevalent every where between the forms of credit, by means of which the business of the mere money lender is confounded with that of the lender of both money and credit. It is wholly immaterial to the first in what shape he decides to invest his capital, or for what length of time he parts with the control of it, inasmuch as he has no use for it other than to realize the profit which accrues from the lending. But the case is wholly different with the second. The first duty of the bank which emits bills of credit, is to be always provided with the means of instantly redeeming them when presented; hence, it is as important that the capital, which ought to furnish those means, should be frequently returned to it as that it should be profitably employed. Investments for long periods are then dangerous, because there never can be a certainty that credit will remain the same to the end of them. Permanent investments, though less dangerous, must nevertheless limit very much the sphere of credit, as they ought never to be depended upon to redeem obligations to pay on demand. Even the prevailing practice of taking notes which have six months or more to run, does not seem to me consistent with the undeviating support of credit; and if, at the end of the period, there is a reasonable certainty that, instead of a payment, a renewal of the notes must take place for a farther time of equal length, then is it clear that a gross mistake has been committed in selecting the quarter in which such loans should be applied for, and that the banker has been made to do what he cannot safely do, and what is properly the business of the retired capitalist who lends money without lending credit.

It is a law of the first necessity, that those individuals who take advantage of public opinion to wield promises as money, should be required at all times so to arrange their resources, as to furnish money in lieu of them when it is wanted. They ought not in such moments to be driven to the expedients of substituting one kind of credit for another. Yet these are inevitable if they cannot readily command a good proportion of their capital. The fluctuations of public opinion are always full of danger to them if they are not on the watch for them. But there is no

way to be ready for them, if the ship will not obey the rudder at the critical moment. The theory of credit is based not merely upon the amount of capital, it will be recollected, but also upon the performance of promise. But this performance should by every law be reciprocal, and benefit the banker, when himself a creditor, exactly as it does the person to whom he is a debtor. Now if he could rely upon this so far, as that by dividing his capital into sixty or ninety parts, and lending each part on a separate day for a given and equal length of time, he could enjoy a reasonable certainty of the daily return of one of those portions throughout the year, he might make the support of his credit a matter of the simplest arithmetical calculation. There is no other method which can at all approach to it in certainty; for it implies a capacity of ready accommodation of the principle to the prospect of the future, as well as a guard against the past. In times of great public danger, the bank of France has been known to shorten the length of discounts down to periods of thirty, twenty, and fifteen days, which, if carried through, would make a failure on its part to redeem its obligations next to impossible. This, and this alone, is the impregnable position of credit. But it must readily be perceived that it is not of that kind of credit which presupposes only the rigid performance of obligations on the one side, and leaves them all at loose ends on the other.

I am fully aware of the probability, that to many of you this doctrine will appear to be a little of the theoretical and impracticable, and calculated to draw within a comparatively very narrow compass the present boundless field of credit. But I have always inclined to the belief, that a principle which is found to be true in the closet may be extensively modified in its application to life, but is rarely reversed. The experience of modern times is teaching us a lesson, which we may neglect or overlook to-day, but which will force itself to our notice to-morrow. The true use of credit will only be learnt from the experience of its abuse; and when it is found that no expedient will avail, and that we must after all come back to the reformation of public opinion, if we desire a safe and proper basis for the mercantile transactions of our community, perhaps there will be many who will then join me in the opinion, that the indispensable elements of credit are the possession of capital, and the literal and rigid performance of all promises, and that there is but a single method by which they may be at all times within our power.

My limits compel me to hurry to the consideration of another much agitated question. I mean the precise benefit which a country receives from the substitution of credit for money in the currency. In order to form an idea of it, we must go back to the fact, that gold and silver will never of themselves flow towards any country, and least of all, to those which have no mines. The sum acquired of these metals must be earned and paid for by hard labor. And when acquired, it is not an object of the first necessity in life, like food, or raiment, or shelter from the storm, all of which must be earned and paid for by the same hard labor which earns and pays for gold and silver. The chief use of these metals, which is, to exchange the articles previously produced by labor, is then but a secondary one in infant communities. Hence in these, where it is so much more important to procure the means of life, the tax to be paid for purchasing a mere medium for exchanging superfluities, is too onerous to be endured. It thus appears to me that there is a perceptible difference

in the value of credit as a substitute for coin, when the question is about old, and when it applies to new countries; and this has not, so far as I know, been fully appreciated. For in the former, where earnings have been accumulated far beyond immediate wants, and where industry can be easily diverted from objects of the first necessity, the permanency of value in the precious metals may be well worth the labor spent in procuring them; and the substitution of credit in their place, as money, may be considered advantageous, only in as far as the bullion thus dispensed with may be profitably added to the capital already used in trade. But in new communities, where the first object is production of the articles indispensably necessary to the support of animal life, it becomes distressing to set aside so considerable a portion of labor as the acquisition of gold and silver necessarily requires. Where it may be easy to get bread, it may not be equally easy to get the precious metals. The one may be attained by the sweat of man's brow in the field, hard by; the other can be procured only through commerce with older countries, which may not be willing to part with them in exchange for such articles as they can give. In these cases, there would arise a serious difficulty for the want of some medium by which the exchange of necessary products could be effected, if the wit of man could not sometimes hit upon cheap instruments, which make the absence of the dear ones less severely felt.

If it were possible within the scope of a single lecture, I think it would be easy to illustrate the truth of the preceding observations, by reference to the early history of some of our states when British colonies. There never has been presented to the world so fair an opportunity of watching the mode in which the gold and silver in a country has been acquired, from the first commencement of the social system to its present large amount with us, as that which our records present. But they tell a tale of constant struggle and frequent depression, from the time when Indian corn, tobacco, and beaver skins, were the most approved medium of exchange, down to the present hour. They also teach many a neglected lesson of the dangers of stretching credit too far, which would have been far more lasting upon the memory of people in older countries, who could not enjoy the same means of recovery from its evils.

The reason why credit may be abused in a new country with less effect upon its prosperity than in an old one, is, that the quickening which even a bad medium of exchanging commodities gives to the creation of them, is a positive benefit, which would be lost if there was a difficulty in finding any at all, even supposing it might, when found, prove a better one. The frequent turning of the same capital, where there is not much of it, supplies in a great measure the want, and rapidly increases its amount. For all the earnings of industry, over and above the demand for immediate consumption, in new settlements, take a productive shape, independent of the character of the currency. They do not remain in ready money, or in stocks, or any of the artificial forms in which wealth is dependent upon the stability of the standard by which they are valued. On the contrary, they run into new lands, and implements for making commodities of the first necessity, cattle, and the materials for home manufactures, all of which have in themselves a value in supporting life comparatively out of the reach of injury from a bad currency. It is only after these modes of original investment are in some degree used

up, and men begin to look round for new objects upon which to exercise their activity, no longer confined to the satisfaction of merely natural wants, that the common measure of the value of labor becomes a matter of very serious consequence. Then the question rises daily into greater importance, whether the durability of value in the precious metals is not a full compensation for the cost of them, and the hazard attending the overstraining of credit, is not a just reason against too great a reliance upon its force? A mechanic, when poor, will manage to do without many tools which would nevertheless be extremely useful to him if he could spare the cash to purchase them. The fact of his poverty is a sufficient justification for his resort to less effective instruments; but whenever the moment occurs that he can see his way clear to procure better, without starving, it is economy in him to lay out his savings in purchasing them. For he may thenceforward be enabled to increase, to a more than proportionate extent, the productiveness of his labor, as well as to perfect in a higher degree the commodities to which he has been in the habit of applying it.

But after all, the greatest abuses to which credit has been applied in this, and in almost every other country, have grown out of the confusion which has been generally made of the interests of the sovereign power with those of commerce. The violation of private credit has, it is very true, been frequently made the instrument of injury to an industrious community—but against this the individual citizen finds, in the sense of injury received, a sufficient warning ever after. The instances of extensive and permanent ruin from this cause are few, compared with those which have taken their origin from the connexion of political passions with public credit. The government of a country never can be, in the nature of things, a fit originator of all the credit which may be put in the place of coin in the community, for the reason that it ordinarily acts under a set of motives wholly different, and partially at war, with those which regulate the movements of commerce. The administration of public affairs embraces a very wide circle of duties, and is operated upon by almost every event of importance in the world. An act of foreign aggression may in an instant throw it upon the verge of war, or a domestic disturbance may unhinge it from its place, and wholly obstruct its movement. The temptation in such cases is generally very strong to resort to credit for support. But credit is at the very same moment in the greatest danger. It is impossible to dictate to men what they shall think, or to persuade them that performance is most likely to follow promise, when the facts all tend to prove the direct opposite. When a government is most embarrassed is not the best time for resorting to new promises nor for redeeming old ones. Yet it is generally the one when it is itself most inclined to the first measure, whilst it is called upon by the public to adopt the last.

In short, the general proposition may here be laid down at once, that the rule of expediency in regard to political credit, can rarely be made to square with the rule of expediency for commercial credit. The sovereign power in the state is not the right source to look to for much beyond restraints upon the misdoings of individuals; it should never place the weight of its own authority in the scale of those misdoings. I state this broadly, because there has been, of late, a growing inclination among writers upon subjects of this sort, to favor the idea that the issue of paper

currency, resting upon credit, is a business properly belonging to the sovereign, and is wholly inconsistent with that of lending by bankers, with which it has heretofore been generally associated. Hence the desire to separate the two departments of credit has arisen, and to leave discounting only to bankers, while the regulation of the currency, by a special board of commissioners to be appointed for the purpose, shall belong to the government. The error at the foundation of this new doctrine appears to me to be closely connected with misconception of the true nature of credit. Can it be, that the belief that performance will follow promise will ever be so strong, when applied to commissioners who have no interest in the result excepting that which a salary may give them, as when it is applied to private citizens, whose stake is their whole fortune and their character in life? Can it be, that an arbitrary species of discretion vested in a few men having no great calamity to dread from the commission of mistakes, and perhaps a thousand considerations to influence their action other than their mere notions of abstract right, would prove a better guide to a sound currency, than the fear of ruin operating upon the minds of citizens whose interests have impelled them to the study of the subject in all its practical bearings, and whose experience has furnished the surest landmarks by which to go? Where the pecuniary negotiations fluctuate, as they notoriously will in every highly commercial state of society, the exact amount of currency necessary from day to day cannot be estimated, even by the wisest and most practised heads. Artificial movements will give rise to a demand to-day, which will to-morrow throw back a large mass as redundant. No movement of the machine of credit can be regular, where the wants of the borrower do not find their full counterpoise in the fears of the lender. The merchants and traders are, after all, the great movers of the currency. They cut out the great channels in which it takes its course, and this under the guidance of no abstract rule of right or arbitrary sum in arithmetic, but simply whilst they are pursuing the path pointed out in their daily business. They are also the only proper customers for banks of discount, who consult their own interest by facilitating with credit the exchanges of value that are making through their agency. The operations are all safe enough, provided only that public opinion remains sufficiently sound to demand the performance of promise as the one indispensable concomitant of action in the premises; and the agency of the government is in no way necessary, excepting in restraint of the imprudence of individuals before, and correction of their error after, violation of their obligations. If the failure to support their credit could be attended with the instantaneous withdrawal of confidence, and the application of decided penalties for misconduct, it seems to me that there would be no need of apprehension for the safety of our banking establishments, or of a surer gauge of the proper amount of currency for any community, than that made by the caution of those who would issue it. But let the supplying of a circulating medium once fall into the hands of salaried government commissioners, or be in any degree connected with the fancies of political rulers, or depend upon the ebb and flow of the national revenue, and it is believed that no security can be entertained against the daily perpetration of abuse, or that the whole credit system would not experience a perpetually varying, irregular, zigzag movement, at war with the calculations of the shrewdest merchant, and subversive of his best founded expectations.

Nor yet has it appeared to my judgment, that many of the modes most commonly resorted to at this day to guard against losses by credit, are in themselves deserving of unmixed approbation. In the desire to procure ultimate security, the importance of the immediate obligation is overlooked. A kind of artificial credit is thus created for a promise after it has been violated; and the most effective check upon the imprudence of the issuer, in the danger of destroying his character for punctuality, is in a great measure removed. The moral sense of the community, upon which credit very materially depends, is thus rather blunted than sharpened by this system, and the public are to be made to rest contented, if they are not in the end losers, no matter how far they may have just right for immediate redress. The attempt to bolster up credit in this way, has always seemed to me like beginning work at the wrong end. The indispensable attribute of money is the capacity to command labor or commodities at will; so long as credit will do this as well as gold or silver, there is no substantial difference between the two. But credit will not do this as well as those metals, from the moment there is a shadow of doubt thrown upon its ability; and whenever such doubt arises, the true method of remedy would seem to be entirely to remove the cause of it, instead of proceeding to confirm its justice. A promise to pay five dollars on demand will never be considered as equal to five dollars, if that promise is not redeemed when it is challenged. The moment it is ascertained that it is not redeemed, the whole of the credit attached to it is altered in its character. From being equal to money, it becomes an article of merchandise, depending for its value upon the opinion that every individual will entertain of the probability of its redemption at some future time. Now this is not the kind of currency which credit seeks to establish, but on the contrary is exactly of that species which it should as soon as possible drive out of all the channels of circulation. And in this it should be the duty of the sovereign power to co-operate with the action of public opinion.

But in disapproving the prevailing inclination to give so much artificial support to credit, by requiring of those who use it extraordinary conditions, in exchange for extraordinary privileges, it may very naturally occur to many of you to consider me as over captious. Perhaps you might wish to know what my own ideas were of the proper system to be adopted. I will cheerfully submit them, not however without some diffidence, and regarding them rather as suggestions for general consideration than very matured thoughts. Proceeding from the definition I have made of credit, as the belief that action will in a community correspond to promise, I would begin by removing all the barriers which have been raised against the natural and healthy action of that belief. By these barriers, I more particularly intend to allude to the various statutory provisions to be found in almost every part of our country, by which, on the one hand, irresponsible bodies can be created with certain peculiar privileges, which obtain a degree of credit the managers could never secure, so long as they acted only for themselves; or, on the other, responsible individuals are sheltered from responsibility, beyond a certain and definite amount of their property. I see no obstacle in the way of throwing open the whole business of credit to be done just like any other business, upon the character of the conductors. But coterminously with this, I should deem it absolutely essential to the safety

of the community, that the sovereign authority should at once interfere, to stop operations, whenever promise proved to be broken. The action should be so prompt, and the duty so imperative, that no possibility of combination to resist it could for an instant be entertained. It would then devolve upon those who did not desire to forfeit their credit, to impose the necessary check upon the careless or the dishonest, and in fact, to protect the community, when in the act of protecting themselves. I am sufficiently aware, that this is not the most common method of regarding the subject, though it is not altogether unheard of; but, although startling at first, I apprehend its simplicity, and its solid basis in general principles, will contribute to recommend it more and more upon reflection. The only serious objection that has occurred to me has been, that it would ultimately put the control of credit into few hands, and thus lead to monopolies; but as this might be counteracted by the admission of the principle of association or partnership to any extent, I do not know that much danger need be apprehended from that quarter. The condition of the penal action of the government is, however, entirely indispensable to its success or even to its safety.

But farther than to adopt some effective system of restraint of injuries committed or meditated against the public, I would not have the government to go; least of all would I expose the currency to the agitations for which the political histories of most modern and especially free nations are so noted. Neither are merely temporary fluctuations all that we have to fear from them. I need hardly remind you, at this time, of the fate of our continental paper money of the revolution, uttered under a plea of stern necessity; but the grievous injustice of which, to all those who in the field, and at the cost of toil and blood, achieved the independence of their country, has been but feebly compensated by the tardy establishment of pensions to the few survivors. Nor yet have I space left to discuss the criminal use made of assignats in France, based upon the foulest perversion of all the most sacred laws of property, and implying, in their very redemption proposed but never performed, the acts of rapine and murder by which they were introduced. These two examples, so different in their origin and purpose, are yet marked by the same distinguishing characteristics in regard to the commercial interests of the respective countries in which they originated—that of wholly overlooking their existence. Created from the impulse of political expediency, and without reference to the laws which regulate the circulating medium, they retained a value so long as they accidentally coincided with them, and lost it when the fact of their worthlessness became perfectly well established. These may be at once admitted to be extreme cases; yet as such, they very clearly explain the precise nature of the difficulty which arises, whenever the credit of the government is the entire basis of dependence. The impropriety of making that power the guide of the credit system, which, in times of difficulty and danger, is always under the strongest temptation to mislead it and use it improvidently, must then be obvious; for those times happen when the ordinary channels of revenue become choked up, and when declining commerce needs no increase of currency, and drooping credit is least able to sustain it. The superstructure is thus made to tower higher and higher in the air, at the very moment when the foundation is crumbling beneath its weight.

But if these cases of pure paper money are thought to be too strong,

let us cite, as more to our purpose, that of the Bank of England, upon the occasion of her suspension of specie payments in 1797. I am the more ready to discuss this, as, in my belief, it has been productive of false reasoning and confusion of principles, even down to this day, beyond any other single event in the history of finance. Had the Bank of England been strictly a commercial institution, having no object in view but to keep her credit and the currency of Great Britain upon a sound footing, there can be no question that her act of suspending payments, or, in other words, violating her faith, is not to be justified by any solid method of reasoning; but the fact was, that she had no real independent existence apart from the will of the government. Political events made it expedient for that government to avoid the pressure upon it which would have unavoidably followed the pressure upon the bank for performance of its promises, and, moreover, to provide additional resources for itself in an artificially created system of credit, for the execution of enormous projects of expenditure abroad for the purpose of regulating the political balance of power in Europe. The scheme was therefore a political, and not a financial, one, and grew out of the disposition of the government to stretch its credit beyond the point where it is safe to the commercial interests of the public. The experiment was made upon a great scale and for a long period, in the course of which a wholly artificial state of property became established. The belief in the performance of promise by the bank declined so much, that a paper bill retained only about three quarters of the value it professed to promise, and the government was driven to the offer of terms most disadvantageous to itself, in order to raise the supplies which it absolutely needed. Yet because it did not become bankrupt, because it was enabled to stop in this downward career before it was too late, and because, at an immense sacrifice in all the relations of property between debtor and creditor, a return was actually effected to the redemption of all promises without a positive convulsion, the idea has been very generally entertained, that it is possible to make credit survive the destruction of its principal elements. It does, to be sure, take some time to destroy the credit of a national system of government so firmly fixed as that of Great Britain; but if I might be allowed to express an opinion, I should say, no more effective method of doing it could be adopted than the policy now under consideration, and that it is too early to pronounce unequivocally upon the full effect it may yet have, while the national debt remains at its present amount. For upon the stability of that depends the stability of the bank, and with it the stability of the entire system of currency, based upon credit, which that bank supplies to the community. Of course, then, if this is true, the politics, and not the trade of the country, form the basis of its currency, and the third element of credit, as I have described it, that is, the sovereign authority, is made to be the principal rather than the secondary reliance; a reliance which, I must repeat, I cannot, for my own part, regard as well founded, because it is open to the assault of every political storm.

And even in the memorable case of John Law, it may be said in his behalf, that the necessity under which he was to consult the interests of a profligate and bankrupt regency, brought on quite as many of the calamities which France endured through his agency as his peculiar theory of finance and credit. The main inducement with the government to

take him up at all was, the wretched condition of the national finances, brought on by a complicated series of extravagant and infatuated measures, which he promised to cure. Just as diseased persons will fly to empirical treatment when dissatisfied with the slow and limited relief which true art can give them, did Philip of Orleans fly to the system of Law; and, as with them, when his caprice or impatience prompted to a change or qualification of the treatment, no obstacle, however at war with the general system, was allowed to stand in the way of indulgence.

It was, to be sure, a somewhat novel idea, to expect that credit should pay the debt of France after government had done its utmost to destroy it. The changes in the coins had made the issues of the mint synonymous with bad faith; and an arbitrary reduction of the public debt, by the decree of a commission appointed by the debtor, had not contributed to fortify the hopes of any immediate payment of principal, or the arrears of interest due. It was to remedy the state of things consequent upon such a policy, that Law was allowed to make his experiments. Had his sole object been to relieve the people of France from the effect of a wretched currency, he might, and probably would, have effected it; but when there became joined with this the payment of the king's debts, in order that he might borrow more, the latter purpose only counteracted the former. Credit was to be restored only that it might be farther abused, and the interests of commerce and of industry were made subservient to the end of procuring farther supplies for the exhausted coffers of a greedy and voluptuous court.

Yet it is not less remarkable than true, that the first movements made by Law were highly beneficial in their effect upon the nation. The reason why they were so, was, that they were made upon sound principles, and therefore revived credit. Such had been the disorder introduced into the metallic currency by reason of the vacillating policy of the last days of Louis XIV., that the people of France, as with a single movement, rushed from the doubt and distress created by hard money, to the uniformity of that which Law proposed to substitute in paper. And a greatly advantageous change it actually proved, so long as the principle upon which it rested was adhered to. But the cupidity of the regent interfered to make this period very short. The bank originated by Law engaged to pay its promises at any time in coin at the value at which it was current when they were issued; hence these promises were as much more valuable than coin, as a certain and definite amount of money will always be over a doubtful and fluctuating one. The government could not fix a new value to the livre which the bank had agreed to consider as of the old standard, although it could easily do so to the piece of money which it might choose to call in future by that name; hence, a bank bill was likely to return a specific sum at any time, when a coin was liable daily to depreciate. The consequence was, that the credit of the bank became better than the credit of the government, and the extraordinary spectacle was presented to the world, of a paper currency resting upon opinion, esteemed by a great nation as positively and deservedly more entitled to confidence than one supported by the positive value of the precious metals.

Cotemporaneously with this improvement in the character of the circulating medium, a new company was organized, the capital of which was paid in by subscription of a portion of the public debt. Upon this

portion the payment of some arrears of interest due was procured from the regent by Law, and the event was hailed by all the public creditors as the opening of a new era in the financial history of France. The news came like breath to the drowning; it inspired hopes which went a great way to remedy the very evils under which they most suffered, and which might probably have extricated the country from its unfortunate position, if the object had been only to benefit France, and not to play into the hands of those who managed its public affairs.

It may here be noted, that up to this moment the peculiar theory of Law had not been in any degree practised upon; and yet the great majority of the French people had probably ascribed to it and its effects, the sudden and striking improvement which was perceptible every where, in the condition of trade; and this will serve to show upon what slight foundations a great reputation in financiering may be sometimes made to rest. The two measures already described, namely, the issue of notes representing a definite value, and the payment of interest upon a small part of the public debt, were in themselves not remarkable in conception, nor out of the reach of any man of ordinary practical sense. They were merely in correction of enormous evils that were afflicting the community, and by no means productive of positive benefit; and yet such was the consequence of their adoption in the revival of credit, that, had death or any accidental obstacle occurred to stop the farther career of Law, his name might have come down to us as among the most deserving of record on the rolls of fame, and his system could ever afterwards have been quoted and looked up to by the many as the ne plus ultra of financial wisdom. He had, in fact, worked a wonderful change with very small means. He had given a very powerful impulse to public opinion, even before he had put his hand to the working out of his experiment; and as it ever has been the nature of sanguine projectors not to wait to analyze effects, it is not unfair to suppose that he himself partook of the general delusion, and was therefore inspired with a more unhesitating confidence to dash into the execution of his schemes, even though injuriously modified by the regent, and destined to be productive in this shape even of greater disaster than could have been expected naturally to belong to them.

But though Law was thus induced to overlook the evil influence which the regent was exerting over his plan, others, who look upon the history long afterwards with the single view of drawing instruction from it, should be careful to assign to each party the share of responsibility which properly belongs to them. It was the regent of Orleans who took the bank into his own hands, when he found how prosperously it was going on under Law; and it was he who, under pretence of making money fixed, altered the tenor of its promise in such manner as to make it redeemable only in current coin. This was bringing back the very evil which the former policy had avoided. It was making the bank paper no better than the issues of the treacherous mint; and it was doing this only as a preparative to a stupendous stockjobbing operation which the regent was to conduct, and Law to advise, for the benefit of the government, at the expense of the nation.

It is needless, even if it was practicable within these narrow limits, to go into any detailed explanation of the events which followed. Their general character may be gathered from the single fact, that the principal

result was a joint-stock company, in which the regent of France was a main subscriber, and the object of which was, by the engrossing of all possible privileges and monopolies in the power of government to confer, to create for it a sufficient degree of credit to enable it to advance an immense sum at very low interest. The operation was carried on by means of a great issue of paper money, with which the shares were paid for by the regent as well as others, and the return of this same paper furnished the sum which had been agreed to be advanced to government. Things went on swimmingly for a short time, but presently the necessity of redeeming these promises became urgent in order to support their credit. The regent had hoped to effect this by exchanging his shares, which he had subscribed at about 500 livres a piece, for \$10,000, the price to which they had been forced up; but in this he was destined to be disappointed. A rush took place from all quarters to realize, which prevented his converting them, and thus left him with no other means of absorbing the paper he had so rashly issued. The great speculation failed, and twenty-two hundred millions of livres, in bank notes, were to be faced, without anything to give for them but Mississippi company stock, of which there were already in the market many sellers but no buyers.

The expedient actually adopted under these circumstances is too remarkable not to merit full notice in anything purporting to treat of the phenomena of credit. A decree was issued, reducing at one blow the value of all the promissory notes issued by the bank to one half of the amount expressed on their face. Now, I pray you, gentlemen, particularly to observe the consequence of this measure. Instead of falling from twenty-two hundred millions of livres, the original sum issued, down to eleven hundred millions of livres, the value proposed to be assigned, the whole paper currency of France sunk down to nothing in a moment. A man might have carried a load of it on his back the next day, and it would not have bought him a breakfast. The reason of this was, that credit is not, *polyplus-like*, to be cut in halves, and either half survive the operation. The same kind of trick had been played in coin often enough; and in so far as any precious metal was left in its composition, the same result had been prevented—but in paper it would not answer in the least. Its whole value depended upon public opinion, which had no other basis than the probability of its being in some way or other absorbed by the government. When, therefore, the fact was distinctly presented before the community, that this probability had failed, and the government was seeking relief in breach of faith, there was no greater reason for depending upon one valuation of that breach than upon another. The entire edifice of credit was prostrate in France, and the pecuniary affairs of that country remained to be organized, just as much as if it had been a new one; subject, however, to drawbacks from the operation of human passions, which at a much later period, and among a new generation of actors, caused the final settlement of the account to be written out in blood.

But why need I quote one instance and another, of the abuses to which credit has been exposed in the hands of the sovereign power of the state, when history furnishes them at every turn? Indeed, it may be affirmed, that there is no record of any issue of paper currency, made by any known government, which has not been perverted from the true purpose, of promoting the exchanges of value among members of the

same community, to the more narrow and unsafe one, of helping the necessities of those who for the time manage the public affairs. They surely, then, cannot be constituted a safe depository for any such power. Credit may safely be left in the hands of those who are most interested to preserve it—the capitalists of the country; and its extent may be regulated by the demands of a natural and productive industry directed to useful ends. The law of demand and supply may be left to take care of the whole matter, with perfect confidence of a happy result, provided, always, that sound public opinion, and an energetic and uniform system of restraint upon fraud, shall always co-operate to keep private enterprise from running into hurtful and extravagant excess.

Yet let it not be supposed, that this or any other method of using credit that may be devised, can have the effect of preventing the fluctuations which frequently take place in the transactions of commerce. It is too much the tendency of the present age, to consider credit as wholly responsible for effects, the origin of which is really to be seen in trade. The very law of supply and demand, which has been already alluded to, is one which can never be arranged according to any known scale, for the reason that it is impossible to foresee the direction which human wants and passions in civilized life will next take. There will, therefore, be frequent fluctuations, which may defy the sagacity of the wisest merchant; and although to the calm observer these may appear always to work themselves out in the long run, within very clear and definite limits, and to subside into a tolerably regular channel, yet this process may, to the industrious merchant, be not unfrequently attended by extremely trying and critical conjunctures. The course of trade does not run much more smooth than that which the poet has singled out to make into a proverb. And whether credit is employed in it to a greater extent, or whether it is not, every commercial community must calculate upon it as a fact of the highest probability, that some periods will be periods of particular success, and others, again, will make themselves remembered as signally disastrous. To quarrel with credit upon this account, would be about as reasonable as to impeach the Deity because we are not consulted in the disposition of good and evil.

What, then, is the general practical inference which I would draw from the whole doctrine I have endeavored to explain this evening? Is it not, that credit being no thing of involuntary origin in a state, but rather a consequence of certain preceding causes, which must coincide to give it a true and proper efficiency, the true object for our exertion is to regulate our action to those causes, rather than to be spending time in counteracting effects. There is doubtless a tendency to some abuses in the present day, which it is the duty of a prudent community to check if not prevent. But after all, the only true preventive will be found by going to the fundamental principles. There can be no security against error, where there is no effort made to distinguish it from truth. There must be clear notions formed of the difference between capital and credit, as well as of the dependence in which the latter stands upon the former. There must above all be a rigid attachment to the dictates of the moral sense, and a uniformity with it in the co-operating restrictive policy of the sovereign authority. These, and these alone, will answer as a perfect protection from the attacks of avarice and sensuality. You may pile statute upon statute on your legislative tables, you may put a bar here

and a padlock there, but your house will never be the stronger against any combination of cunning and fraud, without you take pains to force the mask from the face of the hypocrite. In that public opinion is the greatest safeguard, which will not overlook or pardon dishonesty—which will break up at once the haunt of the gambling speculator—and above all, and most of all, which will suffer no violation of promise to the honest and innocent of the community to be repeated, without effective interference and permanent prevention.

When I look round, gentlemen, and observe the relative situation of the great countries of the world—when I consider that the credit which some enjoy and make use of is an unfailing index of their prosperity, while the adversity of others appears to go hand in hand with its disuse,—it is with not less amazement than regret that I see a disposition manifesting itself among us to preach up a crusade against it. It is most especially on this account that I would earnestly recommend it to you who live in this great city, promising as it does to be the commercial centre of our northern continent, ever to bear in mind the indispensable requisites for its natural support. In adherence to them as landmarks, credit may ever be relied upon as a safe and efficient adjunct to all great enterprises; by neglect of them, a resort to it as an instrument of power must at best be playing a game of chance. The strict adherence to truth, the unfailing redemption of promises, the untiring exercise of human energy, are what form the groundwork of all the valuable success of mercantile life. And when these are once joined with a portion of capital, however small, credit will come in to extend the field of operation and facilitate the gathering in of the harvest. But a little more than two centuries since, and a few patient and plodding Hollanders were to be found on this spot, who could send home only four thousand beaver skins as the evidence of their surplus industry; and now, your daily operations in your magnificent Exchange set in motion huge masses of wealth over every part of the habitable globe. This change, extraordinary as it is, cannot have resulted from the slow process of accumulating the savings of labor. Credit has come in to facilitate and advance the work, and this the most obviously during the last half century, in which she has had the freest play. She has concentrated the powers of all the producing classes upon the discovery and pursuit of the boldest paths, as well of maritime as domestic adventure. She has stepped in to inspire the navigator with confidence in spreading every sail over the ocean of fortune. And when I perceive on every side the palpable results which have followed—when I think of the almost magical transformation of this petty island into a rich and multitudinous city—when I reflect that the sum of the heaviest losses yet endured is nothing to the gains which stand piled up in your streets,—it is with no small astonishment that I hear the commercial system under which all this has taken place pronounced even here to be irredeemably vicious. Such doctrine as this strikes at the root of improvement, and demands revolution. It seeks for perfection, and goes backward in the search. There are great spots in the magnificent orb of day, but its heat is not the less a genial, vivifying, creative influence upon our earth. There are evils attending the use of all the great agents in nature, but these do not prevent man from controlling them to great and beneficial purposes of human progress. The great secret, after all, gentlemen, is in the mind. And most happy will that commu-

nity become, which most steadily unites with its industry, content. Within a few years last past, you have been visited with not a few trials of your fortitude; and it is among the most encouraging circumstances that surround us, that you have passed through them with so little shrinking. It rests with you to persevere only in the same policy, to remember that credit is a moral property as well as an economical instrument, and to go on unswervingly in the support of it through evil report and good report, here and elsewhere, and the unfailing consequence will be, that to you will the honor be due of saving the name of America from becoming synonymous with faithlessness all over the world; and to your moral courage under temptation, will this city be indebted for the proudest pedestal of its future fortunes.

Now like a maiden queen she will behold,
 From her high turrets, hourly suitors come —
 The East with incense, and the West with gold,
 Will stand like suppliants to receive her doom.

ART. II.—THEORY OF PROFITS.—No. II.

HAVING seen that Mr. Ricardo and his followers have erred in their analysis of rent, and that, by mistaking a common accompaniment for one of its elements, they have needlessly embarrassed a subject which admits of an explanation as simple as it is just, let us now see how they have connected it with the theory of profits.

Their reasoning on this part of the subject is briefly this: The price of raw produce consists of that portion of the labor and capital expended on the soil which pays no rent. This portion, commonly that which is last expended, is therefore divided between the wages of labor and the profits of capital, and determines the rate of each. Now, as in the progress of society it is necessary to resort to soils of less and less fertility, and as the returns made to equal portions of capital applied to the same soil must also gradually diminish, it follows, that the fund which is thus divided between wages and profits, must, in like manner, experience a gradual decrease when estimated in the quantity of raw produce. But as the laborer must receive as much raw produce as is "sufficient to subsist, and perpetuate his race," when this, the natural price of his labor, is deducted from a constantly decreasing fund, the necessary consequence is, that his proportional part of that fund is continually increasing, and that the residue, which constitutes the profits of capital, is continually diminishing. In this way, the gradual fall of profits, as exhibited in the market rate of interest, which had taken place in England and some other parts of Europe, was accounted for, contrary to the explanation of Adam Smith, who referred it to the increasing competition of capitalists, in consequence of the growing accumulation of wealth.

There is more than one error involved in the preceding rationale of profit. In the first place, it assumes that the laborer must always receive the same amount of raw produce; but this supposition is contradicted by the past history of society. We know that it greatly varies in different countries; that it is in general more than twice as much in the

United States as it is in England, twice as much in that country as in Ireland, and more than four times as much as in India. We know, too, that it has greatly varied in the same country; that the daily wages of ordinary labor in England, for example, which are now but about a peck of wheat a day, have once been as much as two pecks. We know that in the progress of society the real wages of the laborer, that is, the value of the raw produce received by him, has generally diminished with the increase of numbers, and that he is able to accommodate himself to the reduction by resorting to a cheaper food—as by the substitution of bread for meat, and of potatoes for bread. It is, indeed, by reason of these substitutions, that landlords are able to command more and more labor for the same amount of raw produce; and thus they constitute, as we have seen, a main source of rent.

Secondly: But if the wages and consumption of the laborer were an invariable quantity, it would not follow that profits would necessarily continue to fall. That inference assumes that capital has no other means of profitable employment than in agriculture; in which case, the gradual decline of profits would be merely the affirmation of the simple arithmetical proposition, that if the same number be subtracted from a decreasing series of numbers, the residues will also decrease. Nay, farther, profits must gradually decline if the laborer bore only his proportion of loss arising from the diminution of the common fund, instead of receiving, as has been supposed, the same actual amount of wages.

But the assumption that is thus made is altogether unwarranted. Every branch of industry furnishes a field for the profitable employment of capital, and the profits afforded by any one branch cannot be permanently more or less than those afforded by the other branches. Each one, then, which would avail itself of the beneficial aid of capital, whether it be the farmer, the manufacturer, or the merchant, must pay the market price of such capital, that is, the current rate of profits.

That current rate, we shall find, does not depend on the rise or fall of wages or rent, as the Ricardo school have assumed, but is governed by its own separate laws; and though it tends, like wages, to fall with the progress of society, yet this tendency may be, and actually is, sometimes counteracted, so as to continue high when wages have reached the lowest point of depression, as is the case in India, China, and a few other countries.

To establish the preceding positions, it will be necessary to consider the nature and functions of capital.

The origin of capital is to be found in man's moral nature. If the wants of that nature impel him to efforts of industry, the same wants make him put by a part of his earnings for future use. He wishes to possess the means of subsequent as well as of present enjoyment, and to make provision for those whose happiness is dear to him as well as for his own. His foresight and his affections thus make him frugal as well as industrious, and all the products which he has stored away, no matter in what materials they consist, or from what sources derived, are called capital.

But how is capital a source of profit to its owner? The answer to this question may also be found by a reference to man's moral nature.

Those who have stored away useful commodities, or, in other words, have accumulated capital, cannot be expected to let others have the gra-

tuitous use of it. It may never be returned, and the owner might reasonably require something to compensate him for this risk. But profit is something more than indemnity against loss, and we may find foundations for this profit both in the common motives of human action, and in the creative powers of capital itself.

I. We have seen that fertile land, after it has, in the progress of society, become relatively scarce, yields an annual rent to the proprietor for its temporary use. Now it would often happen in the diversified concerns of human life, that the proprietor would gladly exchange his land, which was thus a source of perpetual profit, for the gross sum it would yield in a limited number of years, and that other persons would be found who would as gladly pay the money and take the land. In other words, land, like commodities that yield no rent, has its market price, which is but a part of the indefinite amount it is expected to yield. Now whatever was the price of the land, the money paid for it being an equivalent for that which yielded a clear annual profit, would, by the act of purchase, become invested with the like faculty of yielding an annual profit.

In this capacity of money to purchase land, we see a just foundation for interest, over and above a compensation for the risk of loss; and the rate of that interest evidently depends upon the proportion between the price of the land and its clear annual rent. Thus, suppose the rent to be \$100, and the price \$1,000, then, money, like land, yields an annual profit of 10 per cent. This is what is called selling land at ten years' purchase. So, if the price of the land was \$2,000, then the annual profit or interest would be 5 per cent., and the land would have been sold at twenty years' purchase.

So long, then, as the desires and occasions of men induce them to prefer a large sum in hand to a small sum indefinitely repeated every year, or, rather, a smaller sum in hand to a larger sum for which he must wait, land will have its price, and those who are able to pay it have the ready means of obtaining for it an annual profit.

But supposing that by the laws or usages of a country land could not be transferred, or that it was the property of the sovereign, as is generally the case throughout Asia, capital would not, on that account, the less yield a clear profit to its owners for its temporary use.

In every community, after society has so advanced that capital has been accumulated, it would be very unequally distributed and variously invested. Some would be rich, and some poor; some rich in one species of property or commodities, and some in another. Now it would often happen, that one individual would want the temporary use of some machine, or tool, or other convenience, which another possessed, as of a house, a boat, or wagon, and which convenience he had not the means of procuring, or which, though he had, would not be worth to him the cost of procuring. He then would be willing to pay for such temporary use. If the owner did not receive more than a fair proportion of the cost, he would not be induced to permit the temporary use; and if he did receive more, the excess would be profit or interest. Those, on the other hand, who did not possess these conveniences, would be willing to pay this excess, as the easiest, and perhaps the only, means of obtaining them.

It may, therefore, be inferred, that capital vested in perishable articles,

and the products of human labor, would yield a neat profit to its owner no less than when it was vested in land. In truth, the two cases differ more in appearance than reality as to the circumstances and motives which occasion them. In both cases, a smaller amount of present enjoyment is deemed equivalent to a larger amount that is postponed — the value of any commodity, like its magnitude, decreasing in men's eyes according to the distance. The only difference between the two cases is, that the owner of capital, in the purchase of land, has a security for the annual profit which he has not in the hire or loan of property that may be lost or destroyed. But, in lieu of such security, he trusts to the ability and good faith of the hirer or borrower, and requires a greater rate of profit to indemnify him for the risk of loss. In both cases, too, the profits of capital naturally arise from the inequality of human condition, and the diversity of men's tempers and desires.

In these cases, however, the profits of capital may be merely the transfer of a part of the products of land and labor from one portion of the community to the other. They only suppose that some, from temper or necessity, think only of the present, whilst others are not unmindful of the future; and that the price which one class pays for its self-indulgence or its poverty, the other receives as the reward of its forbearance and self-denial. Capital, thus made to change hands by the force of these moral agents, and thus altering the distribution of national wealth, adds nothing to its amount. But capital has also a creative power, by which it adds to the wealth of the nation, as well as of its individual possessor; and this, the higher and worthier source of its profits, we will now consider.

II. In every industrious community, capital co-operates with its land and labor, and is one of its main instruments of production. It is thus creative of wealth in two ways; first, by the use of tools and labor-saving machines, and secondly, by the division of labor.

First: By the aid of the tools which his ingenuity has devised, man can perform many operations on the rude products of nature, which would otherwise be impracticable. Of this, the axe, the saw, the auger, nay, every cutting tool whatever, furnishes ready examples. But it is by those machines by which the cheap powers, wind, running water, or steam, are made to substitute human labor, that the productive faculty of capital is most strikingly manifested. Thus, if an individual, wishing to provide a large quantity of plank, were to vest a certain amount of capital in a saw mill, he might thereby obtain ten, or perhaps twenty, times as much plank in a year as the same capital would have procured if he had employed it in having the plank sawed by hand, as would have been necessary without the invention of the saw mill, and is still occasionally practised. Here, all the additional quantity of plank obtained, after deducting the proportional part of its cost, is the nett product of the capital, and its powers of production are precisely similar to those of a piece of fertile land which has yielded a ten fold or twenty fold increase. If, in the one case, a bushel of wheat is made (with the aid of human skill and industry) to produce twenty bushels, so, in the other, capital skilfully applied may be made to perform twenty times the labor by which that capital was produced. The saw mill is a type of all the labor-saving machines by which the power of man over the several products of the material world has been so greatly multiplied, and

the amount of his wealth in industrious and intelligent communities has been so prodigiously increased.

Secondly: Capital, also, greatly increases production, by enabling its owner to employ many workmen in a single manufacture, and to assign to each a separate operation, whereby the aggregate result is greatly multiplied. This distribution of employments, which has, ever since the days of Adam Smith, been called *the division of labor*, increases production in three different ways, as Smith remarks: "First, by the increase of dexterity in every particular workman; secondly, by the saving of the time which is commonly lost in passing from one species of work to another; and lastly, by the invention of a great number of machines which facilitate and abridge labor, and enable one man to do the work of many."

It might seem to some, that as this distribution of the various parts of a complicated business might be effected by the voluntary co-operation of individuals, without the employment of more capital than the same number of persons would require in any other branch of industry, the great benefits of their combined efforts are not fairly attributable to capital. But as such enterprises are rarely undertaken, and still more rarely succeed, except when under the superintendence and control of a master mind, and as in such a case a large outlay of capital is required to pay numerous workmen, and to provide the raw materials for their manufacture, it seems strictly right to regard the advantages of a division of labor as among the functions of capital, so far as respects the distribution of employments in the same manufactories, but not as it respects the distribution of different branches of business over different countries, or different parts of the same country. The first, we have seen, is not likely to be carried on, except by great capitalists; but the benefits arising from carrying on one branch of business in Manchester, another in Birmingham, and another in Leeds, may be attained with no greater expenditure of capital, nay, probably with less, than if the manufacture of cotton goods, hardware, and woollen, were indiscriminately carried on in each place.

When capital has thus, by the progress of science and art, added the faculty of a powerful agent of production to that of furnishing the ready means of expense, a new set of moral agents then direct its distribution. It is now sought as eagerly for the purposes of gain, as it once was for the pleasure of spending it, and he who pays for the use of it may be yet more benefited than he who receives its profits. By its means, the enterprising and industrious may avail themselves of the past savings of the frugal and forbearing, and these again may share in the future gains of well directed industry. Temporary transfers of capital are made for the purposes of production rather than of consumption, and the average profit it yields in this its later and predominant function, controls and regulates the rate of profit in every other.

From the preceding analyses of capital, we may see that the sources of its profits are to be found in man's moral nature, and that so far as it is derived from his preferring a smaller immediate gratification to a greater one at a distance, it is unconnected with the value of raw produce or of labor, and consequently, with the progress of rent. It would depend partly upon the proportion between the disposition to save and the disposition to spend, and partly upon the amount of capital that had been

accumulated. With the same amount of capital, the larger the proportion of thrift over expense, the smaller the rate of profit, and *vice versa*; and with the same proportion between the two, the larger the amount of capital accumulated, the smaller the profit, and the smaller the amount, the larger the profit.

So far, too, as capital is an instrument of productive rate of profit, it is equally independent of the price of raw produce and of labor. The profits of capital, from this source, depend partly upon the extent to which it is capable of abridging labor, and partly on the amount accumulated. We know that the various implements and machines which man has invented to aid him in rendering brute matter subservient to his purposes, and by which he has imparted to it a new value, possess this power in very different degrees; that some may moderately increase his power, whilst others enlarge it ten or twenty fold. Now, it is clear, that the greater the saving of labor that capital can effect, the greater must be the profit it is capable of yielding. The machine, for instance, which can save the labor of one hundred men in a year, yields twice the profit of one which saves the labor of only fifty men, supposing their cost to be the same, and the capital vested in one is twice as productive as that vested in the other. As those modes of investing capital which effect the greatest profit will be first preferred, the successive savings made by thrift and frugality will naturally be employed in those ways which yield less and less profit; and the precise point at which these investments will stop, will, therefore, depend on the progress of science and mechanical invention, together with the amount of capital accumulated. Supposing the degree of advancement the same, the rate of profit will be inversely as the amount of capital accumulated; and supposing the amount the same, the rate of profit will be directly as the rate of advancement; or, in other words, the unoccupied field of abridging labor. Of two nations possessed of the same amount of capital, the profit will be the greatest in the one which is most advanced in science and mechanical art.

If, then, we have correctly traced out the moral principles which determine the rate of the profits of capital, whilst we in the main must agree with Adam Smith that profits diminish with the increase of capital, yet that theory must be taken with some qualification, since it assumes not only that the proportion between the frugal and luxurious continues unchanged, but that the field for labor-saving machines and contrivances is not susceptible of much variation, neither of which suppositions accords with the history of society. A nation may have a greater proportion of the thrifty class at one time, and of idle consumers at another; and in any style of its advancement some happy discovery may greatly enlarge the field for the profitable employment of capital. The invention of Arkwright's machine, and, yet more, that of the steam engine in England, the application of that engine to navigation by Fulton, and more recently its application to rail-roads, have, at different periods, so increased the demand for capital, that its profits have been kept from falling, and in some cases have actually risen, notwithstanding the counteracting influence of a prodigious increase of capital. With these qualifications, the doctrine of Smith, that the profits of capital in every country are in the inverse proportion to its amount, which is only saying that capital obeys the general law of losing a part of its value from abundance,

is substantially true; consequently, that the rate of profit is as independent of the rate of wages, as the price of iron is of the price of wool; and that after that rate has been determined by the circumstances which have been mentioned, no branch of industry can have the aid of capital without the payment of that rate.

But if the principal foundation of the profits of capital is its faculty of saving labor, as we have contended, some may ask how can those profits be independent of the price of labor? The answer is, that in ascertaining the price of labor we compare labor, with something else, as with raw produce; but in ascertaining the rate of profits, we compare capital with itself. The rate being a proportionate part of the whole capital employed, is the same, whether that whole represent a greater or less value. Thus, if capital equivalent to the labor of one hundred men should, when vested in some labor-saving machine, save the labor of ten men after paying all expenses, the rate of profit, which would be ten per cent., would be the same whether the labor of the one hundred men were greater or less, for whatever is the value of the one hundred, the capital, so is the value of ten, the profit; and the capitalist who receives ten per cent. in India, where labor is four cents a day, derives precisely the same profit from his capital as if he received ten per cent. in the United States, where labor is ten or twenty times as high.

It has also been gravely maintained, that an increase of capital, and a consequent increase of *competition* among capitalists, cannot lower the profits of capital. "All that competition can do," it is said "and all that it ever does, is to reduce the profits obtained in different businesses and employments to the same common level."* But the tendency of competition to lessen the general average of profits, is as certain and as natural as the tendency to equalize them among individuals, and the same process by which the one is effected also effects the other. If competition among the laborers of a country tend to bring wages to one common level, it is no less certain that the increased competition of double the number of laborers would tend to make that common level yet lower. They are both consequences of the same underbidding of rival competitors.

For the purpose of better illustrating the relation of profits to wages and rent, let us suppose a small community of thirty families, of whom one third were the proprietors of the soil, another third owners of the capital required for its cultivation, and another, common laborers; that the best land had been taken into cultivation, and that its annual product was equally divided among each of the three classes, so as for each farm to rent for one hundred bushels of wheat, each laborer to receive one hundred bushels, and of course each farmer to receive the same for his outlay of capital.

Let us farther suppose that the population went on to increase, so as to make it necessary to resort to inferior soils, and that this process had continued until the population had doubled, by which time the produce of the same capital and labor which had previously produced three hundred, was now, on the inferior lands, reduced to one hundred and eighty bushels.

* M'Culloch's edition of the *Wealth of Nations*, p. 476.

If all the three classes had increased in the same proportion, it is not improbable that the lands last taken into cultivation would rent on the same terms as the best lands had done, that is, for one third of the produce—the same circumstances of mutual competition which had brought about that result before, existing now. In this case, the farmers would be entitled to one hundred and twenty bushels, to pay the wages of the laborer, and the profits of his capital.

How would the one hundred and twenty bushels be distributed? According to the Ricardo school, the laborer should receive one hundred bushels, or near it, as before; or supposing one half of his wages to be appropriated to raw produce, to eighty bushels, leaving forty bushels to the farmer, or two fifths of what he formerly received as profit for the same amount of capital. But if capital and labor had increased in the same proportion, on the ordinary principles of supply and demand, the same division between them which had previously taken place would still continue, and each would receive sixty bushels, or three fifths of what it had formerly received.

But let us suppose that capital had not increased in the same proportion, and that there was an accession of only four fifths of the requisite horses, ploughs, and other implements of husbandry, for the cultivation of the additional soil. Then there would be a demand for less labor, whereby the competition among laborers would be increased, and their wages would consequently fall. But in the same degree that wages were reduced would the profits of the farmer be augmented.

But if, on the other hand, by the prevalence of thrift, capital had increased faster than population, as it commonly does in a prosperous community, and there was more than double the former amount of the implements of husbandry and of commodities stored away to pay laborers, in that case the increased competition among farmers would raise the wages of labor, and in the same degree that the latter exceeded sixty bushels, the profits of capital would fall short of that quantity. Thus we see, that while the profits as well as wages tend to decline with the progress of population, yet in the same stage of that progress, profits will have declined more or less than wages, according as capital has been accumulated in a greater or less proportion, and that in the division which capital and labor make of the products of the soil allotted to them, the proportion that they respectively receive, depends upon their proportion to each other.

As wages and profits tend to equality throughout the same community, when the capitalists and laborers are obliged to put up with a smaller return from inferior soils, they will be able to obtain no higher a return from the cultivation of the more fertile soils, and the difference goes to increase rents. Thus, in the supposed reduction of wages and profits from two hundred bushels to one hundred and twenty, the rents on the best lands would be raised from one hundred, to one hundred and eighty bushels, or from one third to three fifths.

With all this variance in the relative distribution of rent, wages, and profits, we find that each in its rise or fall obeys the great law of supply and demand. Thus, as in the progress of population the supply of fertile land becomes less in proportion to the demand, its products rise in value; while for the opposite the price of labor falls, and the profits of

capital, in like manner, rise or fall, as the supply falls short or exceeds the demand for it, that is, the occasions of using it to aid human labor.

In the preceding example, we have considered it as employed solely in agriculture, in which case the demand for it will depend mainly upon the amount of the laboring class. But it must not be forgotten that it is also demanded for the purposes of commerce and manufactures as well as of agriculture, and the portion allotted to the last may be diminished by the field of profitable employment afforded by the other two, as well as by any other cause; for the rate of profit depends upon the proportion between *the entire demand* in all employments, and *the whole supply*; and of course, the greater the demand, the greater the rate of profit, until the increased rate of profit checks the demand, and restores the equilibrium.

A considerable diminution of supply has the same effect in raising the rate of profits as an increased demand. Whatsoever, then, checks the accumulation of wealth yet more than the progress of population, enhances the profitableness of the remaining capital. It is in this way that interest continues so high in India and China, and indeed throughout all Asia, where, by reason of the land being regarded as the property of the sovereign, he is able to exact so large a proportion of the products of the soil as to leave a mere pittance to the cultivators, so that no wealth can be accumulated from that source. The unlimited power of taxation derived from the same arbitrary character of their governments, and the insecurity of property, also impede the acquisition of wealth in other employments. Taxes, by lessening the amount of capital, have the same effect in raising the profits of the residue, that a scanty harvest has in raising the price of corn.

We see, on the other hand, the profits of capital fall with the increase of its amount. It has been owing to the steadily increasing opulence of Great Britain, in spite of a still increasing taxation, that interest has fallen from 10 per cent., in the time of Henry VIII., successively to 8, 7, 6, and 5 per cent., at which rate it has been fixed by law, for more than a century; though, in point of fact, for large sums the proprietors cannot get more than from 3 to $3\frac{1}{2}$ per cent. It was the extraordinary opulence of Holland, too, which made the interest of money, and the ordinary profits, lower than in any country in the world—private individuals having formerly been able to borrow money there at 3 per cent., and the government at only 2 per cent. This low rate of interest, which was the natural consequence of the wealth she derived from her unequalled commerce, from her numerous manufactures, her extensive fisheries, and from her cultivating and fertilizing every portion of her territory like a garden, has been strangely attributed to her very heavy taxation.* In truth, both the taxation and the low rate of profits are the effects of extraordinary riches both in Holland and England, and if the additions to the national capital had not exceeded the whole amount of expenditure, public and private, interest would have risen instead of fallen. In like manner, the profits of capital may continue low notwithstanding a decline in the amount of capital, if there has also been a correspondent diminution of demand. In this way, the interest of money continues to be still somewhat lower in Holland than in any part of Eu-

* In McCulloch's Principles of Political Economy.

rope, although she has lost many of the sources of her former opulence; but much of the capital she had acquired in the palmy days of her prosperity she still retains; and if being more than the narrower field of her commerce and manufactures can employ, has to seek investment in foreign countries, to avoid the expense and hazard of which a much lower interest is taken at home. Taxation does indeed lessen the revenues of all classes, including the capitalist; it may impair the amount of the national capital, and it always tends to check its growth; but, so far as it has that effect, it tends to raise the rate of profit rather than to lower it.

In the preceding inquiry, the profits of capital have been taken in a narrower sense than is usual, and have been considered as identical with the interest of money lent, exclusive of the risk of loss. The term profits is commonly used by political economists to comprehend not only the return made by the capital itself, but also that which rewards him who employs it for his judgment, foresight, and personal superintendence in the management of it. This last is, strictly speaking, only a particular species of industry and talent, and the compensation it receives is of the nature of wages, and is regulated by the laws which govern wages. It is, then, much more favorable to scientific precision to separate the two, and to consider nothing as the profits of capital, but that return which capital yields independent of the personal exertions of its proprietor. The rate of profit in this sense is nearly uniform in the same country at the same point of time, but the personal services with which they are commonly conjoined have all that diversity which ever attends the rewards of human labor, according to the agreeableness of the employment, the risk of success, the difficulty of acquiring the requisite skill, etc.; and consequently, the rate of profit, in its ordinary sense, must have the same diversity. It may be five or even ten times as great in a business employing a small capital as in one employing a large one—at one rate in a safe, or an easy, or a reputable business, and another in a precarious, or a difficult, or a discreditable employment. To confound things so essentially distinct cannot but produce embarrassment in our reasonings, and in our practical applications of them often lead us into positive error.

It deserves to be remarked, that as in this way much that is called profits is in reality wages, so a part of what commonly goes under the name of rent is properly profits. Of this character is the compensation which the landed proprietor receives for the use of all buildings erected on his land, all improvements made by ditching, draining, fencing, or by any other employment of capital. The annual return they yield is governed by the laws of capital, and rises or falls with the ordinary rate of profits, independent of the progress of rents.

We have thus seen that the theory of Ricardo and his followers involves two fallacies as to profits: one, that the laborer will continue to receive the same real wages after his labor has become less productive; and the other, that whenever an increase of population makes it necessary to resort to inferior soils to furnish the requisite amount of food, the necessities of the augmented population extend to the proprietors of capital, and compel them to advance capital for the cultivation of such inferior soils. If these two points be conceded, the ingenious theory they have built on them is the logical consequence; but we have shown that they are contradicted by the whole history of civil society, and the most undeniable

motives of human action; nor could minds of this stamp have adopted such errors, if they had been sufficiently impressed with the conviction that political economy is essentially a moral science, and if they had not prematurely attempted to reduce its laws to mathematical *formulae* before they had sufficiently investigated the moral principles on which those laws are founded.

On this subject we may aptly quote the concluding remarks of Professor Whewell, in his "Mathematical Exposition" of some of Mr. Ricardo's doctrines in political economy:

"Any attempt to make this subject at present a branch of mathematics, could only lead to a neglect or perversion of facts, and to a course of trifling speculations, barren distinctions, and useless logomachies. '*Collocatio ejus inter mathematica,*' as Bacon says of another science, '*hunc ipsum defectum et alios similes peperit; quia a phenomenonis pramature discessum est.*' And these defects may be incurred, even though common verbal reasoning be substituted for mathematics, if the course adopted be that of assuming principles and definitions, and making these the origin of a system. The most profitable and philosophical speculations of political economy are, however, of a different kind: they are those which are employed not in reasoning from principles but to them; in extracting from a wide and patient survey of facts, the laws according to which circumstances and conditions determine the progress of wealth and the fortunes of men. Such laws will necessarily affix, and probably always be too limited and too dependent on moral and social elements, to become the basis of mathematical calculation; and I am perfectly ready to admit, that the discovery of such laws, and the investigation of their consequences, is an employment of far higher philosophical dignity and importance than any office to which the mathematician can aspire."*

Mr. Senior's name having been mentioned as one of the supporters of the new school of political economy, as to the theory of rent, it is but justice to that political economist to remark, that he has not embraced the doctrine of that school as to profits—on which subject his views do not conflict with those of Adam Smith, though he has aimed in this, as in other parts of his excellent treatise, to reduce his principles to the strict form of science, far beyond what Smith attempted or seemed to have thought practicable.

The principles which I have endeavored to establish in the preceding investigation, will be now briefly recapitulated. They are,

1. That after the best land of a country is taken into cultivation, raw produce, from the increased demand for it to supply the wants of an increased population, gradually rises in price compared with human labor; in other words, that in the progress of society more labor is given for the same quantity of raw produce.

2. That it is in consequence of such rise of raw produce, or fall of labor, that new and poorer soils are taken into cultivation; which cultivation, by increasing the quantity of raw produce, tends to lower its price. But as such farther cultivation is the effect of the increased price of raw produce, it can never bring down the price to its former level.

* Cambridge Philosophical Transactions, vol. iv., part i.

The effect of increasing numbers, in raising the price, and of a resort to inferior soils in lowering, may be illustrated by the ascent of a body lighter than air, which, as it ascends, takes up a chain that connects it with the earth, and which is prevented, by the increasing weight of the chain, from ascending as high as it otherwise would, before it finds its equilibrium.

3. That as population and cultivation extend, the laborer must receive less raw produce, unless the capitalist receive less. But the portion received by the capitalist depends upon the number of his competitors, and the demand for capital.

4. That the laborer receiving less raw produce for his labor, must consume less either in the quantity or quality of his food, unless he retrenches in other things. He commonly retrenches both in food and other things.

5. That the reduction of wages from the increase of numbers may be counteracted by improvements in husbandry. But while the price of raw produce may thus be rendered stationary, the landlord gains by the increase of quantity.

6. That profits are increased by whatever lessens the supply of capital, as taxation, dearth, or increased demand for it, as new avenues to trade, new modes of abridging labor, and the like. They are diminished by an increased supply of capital, as a long course of prosperity in commerce or manufactures, or by a diminished demand, as where former modes of employment are cut off, land, labor, and capital.

7. That though affected by different circumstances, all obey the great law of supply and demand, in the profits they severally yield. Thus, the profits of land, or rent, rise with the demand for raw produce. The profits of labor, or wages, fall with the increase of numbers. The profits of capital fall with the accumulation of capital.

The following table will illustrate the effect of an increase of population on rent, wages, and profits, according to the preceding principles. It supposes all the best lands to be taken into cultivation, improvements in husbandry stationary, capital to increase in the same ratio with numbers, and the raw produce to be equally divided into rent, wages, and profits, during the whole six periods of time supposed. The number of agricultural laborers are assumed to be one tenth of the gross population.

POPULATION.	Number of laborers.	Annual produce in bushels of wheat.	Proportion of produce in rent, wages, and profits, each.	Wages of labor per day, in pints of wheat.	Whole amount of rents in days of labor.
1,000,000	100,000	10,000,000	3,333,333 $\frac{1}{3}$	160 = 2 p'ks.	6,666,666 $\frac{2}{3}$
1,200,000	120,000	11,000,000	3,666,666 $\frac{2}{3}$	146	8,036,000
1,400,000	140,000	12,000,000	4,000,000	137	9,343,000
1,600,000	160,000	13,000,000	4,333,333 $\frac{1}{3}$	130	10,666,666 $\frac{2}{3}$
1,800,000	180,000	14,000,000	4,666,666 $\frac{2}{3}$	124	11,962,000
2,000,000	200,000	15,000,000	5,000,000	120	13,333,333 $\frac{1}{3}$

It thus appears, that while the population had doubled, rents had increased 50 per cent., estimated in raw produce, and 100 per cent., estimated in labor, and that wages had fallen from two pecks a day to one and a half peck.

But as improvements in husbandry are rarely stationary in any country where art and civilization have made much progress, let us now suppose that they have been sufficient to make the produce of the soil keep pace with the population. In that case the last line of the table would stand thus :

Population.....	2,000,000
Number of laborers.....	200,000
Annual product.....	20,000,000
Proportion of produce in rent, &c.....	6,666,666 $\frac{2}{3}$
Daily wages of labor.....	160 pints.
Rents estimated in labor.....	13,333,333 $\frac{1}{3}$

If, however, capital had not accumulated as fast as population, its proportional part of the raw produce would have an increase correspondent to the deficiency, by which the amount of raw produce received for rent would be less than before ; but as wages would also be farther reduced, the landlords might be able to command as much labor as before. The distribution of the annual produce would then be altered in this way, supposing it to be 15,000,000 bushels, and the profits of capital to be two fifths of the produce,

Profits.....	6,000,000 bushels.
Rents.....	4,500,000 ..
Wages.....	4,500,000 ..
Daily wages.....	108 pints.
Rents estimated in labor.....	13,333,333 $\frac{1}{3}$

On the other hand, if capital should increase faster than population, as it commonly does in intelligent and well regulated communities, it would proportionally increase both wages and rents.

ART. III.—LIFE INSURANCE.

THE proximity of death in all the varied and shifting scenes of life—the sudden and fatal accidents which expose men to be cut down in the prime of their youth, leaving fond and helpless relatives to mourn the loss of those upon whom they were dependent for protection and support—and the uncertainty of a life, whether in youth or age, which the slightest casualty may take away,—are subjects that naturally prompt an individual who is surrounded by a family, and connected with relatives relying upon him for necessities to preserve them from the freezing charity of the world, to devise some means by which they can be saved from want and suffering, after his physical strength and mental energies shall have been destroyed by some one of the mysterious operations of a Divine Providence.

Under these circumstances he feels it to be indispensably necessary to the creation and continuance of his happiness while living, that some sure and unfailing provision should be made for securing to those who are dear to him, a sufficient competency to place them beyond a miserable dependence upon public charity after his death ; and most of his aims in the business of life are directed towards this desirable consummation.

When we look abroad upon the busy action of the world, and view the varied and exciting scenes of life, and mark the struggling of mankind as they rush to and fro on the great stage of their employment—almost the sole object which we see them striving to attain is wealth, that they may transmit it with their names to posterity. It is not a miserly selfishness which thus induces men to exert the energies of their minds for the purpose of obtaining a portion of the world's treasures; they are actuated by sentiments of a nobler and more elevated character. The acquirement of sufficient property for the support of their families is generally the main object in view; and after this is accomplished, we often see them withdraw from the bustle of active life to scenes of retirement. The ends for which they have toiled from the dawning of manhood are then satisfied; and those dependent upon them are surrounded by all the comforts necessary to constitute happiness; and they are impressed with the consoling consciousness, that if death overtakes them, the pecuniary interests of their families cannot be prejudiced or injured.

The energies of men being directed by these impulses, and their duties pointed out and controlled by the feelings we have mentioned, it is of the deepest importance that the means which are most effectual in securing the desired object, and those attended with the least risk, should be generally known and appreciated, and their peculiar application thoroughly understood.

An individual may be engaged in the most prosperous business, from which he anticipates the realization of golden returns; he may be in the possession of every material calculated to create the foundation, and rear the superstructure, of a splendid fortune—and death steps in to darken the bright vision which his hopes had painted in perspective, and his wife and family are left almost penniless and destitute. A person may toil during a long life, and owing to the various misfortunes which he encounters, be unable at the time of his death to leave any considerable sum for the support of those dependent upon him for a livelihood, who are thus left unprotected, and exposed to the misery and suffering which poverty seldom fails to carry in its train. Almost every undertaking in life is attended with risk and uncertainty; and in whatever business the feelings of men may lead them to engage, they will find something which, in its direct or remote consequences, is calculated to unsettle the conviction their minds had formed, of the certainty of deriving large and profitable gains from the pursuit in which they embark.

As the ordinary employments of men so frequently terminate unfavorably to their pecuniary interests, and as the most brilliant auspices and flattering prospects are often annihilated and destroyed by the hand of death, it is a matter of grave importance to those whose situations in life compel them to rely upon the hazardous future for the acquirement of a competency upon which to support their families, to reflect upon the means best calculated to secure this object, and to seize upon that, which, in the event of misfortune in life, and impoverishment at death, will surround their wives and children with pecuniary comforts. For the attainment of this very desirable end, nothing is so safe and effectual as the contract of life insurance, by which, for a sum proportioned to the age, health, profession, and other circumstances of the individual whose life is the object of insurance, the insurers engage that he shall

not die within the time limited in the policy; and that if he does, a specified sum of money shall be paid to his heirs, or to those entitled to claim it by the terms of the instrument.

The numerous and obvious advantages resulting from insurance of this nature, led to its early adoption on the continent of Europe; and although its antiquity cannot be ascertained with much certainty, yet the old French authors mention it as perfectly well known so early as the middle of the seventeenth century. Before proceeding to point out the many benefits which flow from it, the principles upon which it rests, and the leading rules of law which govern its construction and control its effect, we shall briefly notice the objections which were made to it shortly after its introduction into the states of Europe; and which, in France and many other countries, led to the creation of positive regulations declaring this species of contract illegal and void.

The reasons which are given for abolishing insurance of this nature, after it had been introduced and sanctioned as productive of good results, do not seem to be very satisfactory. The main argument used against it in France being, that it fixed and determined the price of a man's life, which ought to be beyond all valuation, particularly that of a free-man. The manner in which it was at that time used, was, without doubt, often repugnant to good morals, and in many instances opened a wide door to a variety of frauds and abuses; for it permitted the most unlicensed gambling, by allowing an individual to insure the life of any person in which he had not the slightest interest; and in some cases, perhaps, led to the employment of the assassin to take away the life insured. These considerations probably formed the grounds upon which its illegality was declared, and yet they furnish no sufficient cause for its utter annihilation. Every necessary modification and restriction could have been imposed, and all the numerous benefits and advantages resulting from its use retained, and only those persons have been permitted to effect the policy who were interested in preserving the life insured.

It is true, that when this prohibition was made in France, and other states of continental Europe, the feelings and passions of mankind, whether influenced by avarice, or any other consideration which prompts human action, were less restrained within the bounds of morality and justice, than they have been at later periods, when a more wholesome and salutary system of laws has existed; but it is unnatural, and contrary to the feelings and principles of human nature, to suppose that the love of the wife and the affection of the child would, in any age be so far overcome by the desire of gain, as to induce them to sacrifice the life of the husband and parent, that they might enjoy the sum to which an insurance upon his life would then entitle them. The objections, then, with which this contract was met, upon its early introduction, arose from the immorality which prevailed, on account of the discordant materials of which society was then composed, the insufficiency of laws for the punishment of violence and force, and the unlimited extent to which it was carried; and did not result from any repugnant features intrinsically existing. This is evident from the fact, that in whatever country insurance of this nature has been allowed, under proper conditions and restrictions, it has ever been productive of the most inestimable results, and has been widely and extensively encouraged, by the most liberal

and favorable legislation. The important advantages resulting from it were early perceived in England; and in the reign of Queen Anne, the Bishop of Oxford, Sir Thomas Allen, and some other gentlemen, were induced to apply for a charter to incorporate themselves and their successors, for the purpose of enabling them to provide for their families in an easy and beneficial manner. And the queen, in 1706, granted her royal charter, incorporating them by the name of the "Amicable Society for a Perpetual Assurance Office." This was the first institution of the kind ever established in England; and the benefits which it conferred upon the public were found to be so extensive, and the security it furnished for the support of families so great, that other companies for the same object were soon incorporated, and every facility was afforded to persons desirous of effecting insurance of this nature. As these societies were originally established in England, an unqualified permission was held out to all persons, allowing them to insure the life of any individual they pleased, in the same manner as had been practised in France, although it did not lead to the same results; for instead of abolishing it, a law was created, declaring that no insurance should be made by any person upon the life of another, in which the individual for whose use, benefit, or on whose account it should be made, should have no interest, or by way of gaming or wagering; and if made contrary to this law, it was declared void, to all intents and purposes. This provision effectually annihilated every species of gambling which had been carried on under cover of the policy; and destroyed all foundation, upon which objections to the legality and justice of this contract could rest, and placed it upon the broad principles of morality and sound policy.

After wise and enlightened legislation had in this manner eradicated the deep seated evils which had existed in the use of this species of insurance, the good results following from it were felt and appreciated, and the beneficial ends which it produced were considered of deep public importance. The prejudices existing against it gradually diminished, and finally almost disappeared; and objections against it were viewed as having little more foundation in justice or good policy, than could be pointed out in the case of an insurance upon a ship, or any other species of property.

Having glanced at the early history of this contract, and noticed the leading objections which were met and obviated previous to its being extensively introduced, and the benefits which it confers widely known and acknowledged, our next object will be, to point out some of the many advantages which may be derived from its use, and to consider a few of the instances where it is calculated to invest the person for whose use it is made, with pecuniary rights of a nature highly important. The cases in which beneficial results may arise, are numerous, and cannot fail to impress upon the mind a conviction of its great value in effecting objects for accomplishing which it may be used. If an individual has a wife and family dependent upon him for support, a small portion of the yearly income which he derives from the employment in which he is engaged, will secure to them at his death a sufficient sum to preserve them in the enjoyment of those comforts to which they have always been accustomed. Where married persons have a jointure, annuity, or pension, depending upon either of their lives, by insuring the

life of the one entitled to such annuity, pension, or jointure, the other may secure a competency after death shall have taken away the one upon whom the life interest depended. If an individual is desirous of borrowing money, he may insure his life, and thus give the lender a security for the sum obtained.

A merchant commences in business with the fairest prospects of ultimate success, and is looked upon by those with whom he deals as worthy of liberal credit, but life is uncertain, and they are fearful that death may overtake him before he realizes sufficient to satisfy their demands; an insurance effected upon his life, will add materially to the credit he enjoys, and secures to his creditors the payment of their claims. If a creditor is in danger of losing his debt, in case the person who owes it to him should suddenly die, he may insure his debtor's life, and guard against the consequences of an event to which mankind are always liable.

A person possessed of an annual income only, may, upon marriage, secure by settlement, for the benefit of his widow and family, such a sum as it may suit his circumstances to insure. The cases we have mentioned are a few of the many instances in which life insurance is of incalculable advantage. In this country, however, the most frequent use to which it is applied, and the most valuable object it attains, is that of enabling a parent to provide for his family, when his income principally depends upon his own life or exertions; as in the case of professional men, merchants, mechanics, and persons living upon incomes. And how many helpless and destitute families would have been saved from suffering and want, if the husbands and fathers, who perished in the late dreadful conflagration of the steamer *Lexington*, had in this manner guarded against the fearful consequences which resulted from embarking their lives on board this ill-fated vessel. The experience of men is daily convincing them of the necessity which exists for obtaining this security for the benefit of their families; and when we examine the principles upon which it is based, and scrutinize their bearing upon the moral and social condition of mankind, we are unable to perceive any reasons which ought to prejudice the mind against it, or to observe the least tendency which it possesses towards the introduction of fraud or evil practices.

In a disordered state of society, where the administration of the law is too feeble and ineffective for the punishment of acts of violence, and where the midnight assassin and noonday murderer can walk securely abroad, clothed in the protection which is afforded by the strong arm of force, life insurance, unless confined within very narrow limits, may be dangerous; but in a community like our own, where stern justice is sure to overtake those by whom it is outraged, where the laws are respected and observed, and where the passions and feelings of mankind are governed and controlled by considerations of morality and the public good, it is eminently calculated to ensure the most important benefits, and to confer many valuable blessings. The prejudices which exist against it, on the ground that it trifles with the decrees of Providence by setting a price upon the solemn event of death, are without the least foundation in reason or good sense, and hardly deserve to be seriously considered. They arise from a want of due reflection, and proceed from ignorance of the true principles by which it is governed. What infringement of the rules of morality or religion is committed by an individual who pays a

small yearly sum, that his family may enjoy a humble competence at his death. Is there any presumption towards his Maker, in thus endeavoring to make an event, which must inevitably produce mourning and unhappiness in the hearts of his wife and children, fall upon them as lightly as possible? can there be any impiety in looking forward to his final dissolution, and preparing for its consequences? or will it be pretended, that his duties towards those with whom he is connected by the most endearing ties of life extend only to their support and protection until his death, and that poverty and wretchedness should then be the portion of the widow and the orphan? Where is the moral distinction between insuring a ship for a voyage, with a hundred souls on board, and insuring the life of an individual? In either case, the loss may depend upon numerous circumstances, and all of them equally uncertain and contingent. If the lightnings of heaven, the billows of the sea, or the rocks which sleep beneath the ocean's wave, destroy the vessel, death may annihilate every person on board, and the event thus insured against is productive of the most dreadful consequences; while insurance upon the life of an individual contemplates a result which involves the safety of but a single person. After examining the foundation upon which this species of insurance rests, we cannot discover any material difference which exists to distinguish it from insurance upon property; for in either case, a loss usually depends upon chances which men cannot foresee, and over which they have no control; and although a wide distinction may prevail in respect to the purposes and objects for which they are obtained, yet they are based upon the same principles, and are governed by the same rules. For the purpose of presenting the subject of life insurance in all its various bearings, as well with reference to the case of an individual who obtains the policy upon his own life, as to the person effecting it upon that of his debtor, we shall endeavor to illustrate and explain the principles of law by which it is controlled, and to point out some of the leading rules which govern the construction and effect of this species of contract. To the person desirous of insuring his own life, or that of an individual in which he is interested, the nature of the preliminary measures which he must take is important to be understood, and the facts and circumstances which he is bound to disclose, as the foundation upon which the policy is based, for the purpose of giving validity and effect to its provisions, should be faithfully and unreservedly communicated.

The usual mode of proceeding is, for the party to procure, at the office of the company, a printed form of proposal, containing a number of questions relating to the profession, situation in life, and health of the person, all of which must be satisfactorily answered, or the proposition for effecting the insurance will not be entertained. Queries to nearly the same general import are also propounded to the medical attendant and intimate friend of the person whose life is the subject of insurance, which must be replied to in a manner calculated to convince the company of the safety of the risk they are about to assume.

A declaration or statement must then be signed by the party, embodying the answers to the questions contained in the proposal, with an agreement that so far as such declaration relates to the age of the person to be insured, and the state of his health, it shall form the basis of the contract between the party and the company; and the policy is then made out and executed. As this declaration constitutes the foundation

upon which the agreement rests, too much caution cannot be exercised in ascertaining the real state of the facts which it contains. It is the duty of the assured to disclose every material fact which may in any manner affect the assumed risk; and although specific questions, which are alike applicable to all classes of men, are proposed by the offices, yet if any circumstances exist calculated to shorten the life of the person insured, or which operate to the serious detriment of his health, they must be disclosed in all cases where a general question is put by the insurers at the time of effecting the policy. In construing the effect of the various conditions which form the subject of this agreement, the broad principles of justice prevail, and its provisions are not controlled by strict technicalities, or formal unmeaning rules. So long as it appears that the party effecting the insurance has not been guilty of fraud, and that he has made no concealment or misrepresentation, it will be expounded with that liberality in his favor which equity demands.

The offices will never take advantage of trifling objections, for the purpose of discharging their liability; and a resort to legal measures seldom becomes necessary.

It is important that the health of the party, at the time his life is insured, should correspond with the statement in the declaration; for although he may be of plethoric habit, or consumptive, or of a naturally delicate constitution from causes not ascertained, and which could not have been known and communicated, and are consequently risks which the insurers must assume, yet if any particular disorder exists, tending to shorten life, it must be divulged, and if kept a secret it will vitiate the policy.

For the purpose of showing the important necessity which in all cases exists for disclosing the true state of health which the insured enjoys, and the materiality of a concealment of any particular physical disability under which he may labor, we shall mention the circumstances connected with an insurance which was effected in 1824, by the Atlas Insurance Company in England, upon the life of the Duke of Saxe Gotha, in Germany. When the policy was effected, it appeared from the declarations and answers of the duke's physicians, and the statements of other persons, that he had lived a dissolute life in former days, by which he had lost the use of his speech; but his physicians did not mention the state of his mental faculties, the use of which he had also lost. In 1825 the duke died, and a large tumour, pressing upon his brain, was then discovered, which had existed for many years, and to which might be attributed the loss of his speech and mental faculties. Under these circumstances, the company refused to pay the sum for which the life of the duke was insured, and an action was brought against it upon the policy. Upon the trial of the cause, all the medical testimony went to establish that the symptoms during the duke's life were not such as to excite the suspicion that such a tumour existed, or that he was afflicted with any particular disorder tending to shorten life; but a foreign physician said, had he been consulted, he should have thought it his duty to state that he attributed the loss of speech to a paralysis of the organs; and an English surgeon said, he should have considered it right, in answer to the general question, "whether he knew any other circumstances that ought to be communicated to the directors of the company," to mention the state of the duke's mental faculties.

In deciding this case, the court held, that the concealment of these facts by his physicians was of sufficient importance to vitiate the policy, and to discharge the company from all liability upon the instrument, on the ground that the suppression of a material fact is, in contemplation of law, a fraud. A misrepresentation or concealment, which is material, will have the same effect, whether the policy is effected for the benefit of the insured or his creditor.

In the latter case, the party whose life is insured is considered the agent of his creditor, and all his statements, and those of his physician, with reference to his health, and other circumstances necessary to be divulged, are governed and controlled by the rules of law which have already been mentioned.

After the policy is executed, every stipulation and warranty which it contains must be strictly observed. Any material departure from its terms will, in contemplation of law, be sufficient to discharge the company from responsibility; although it will seldom avail itself of any excuse for this purpose, unless strong circumstances of fraud exist, or a wilful violation of its conditions is made to appear. Where insurance upon life is effected for the ordinary premium, certain limits and boundaries are prescribed in the policy, within which the person insured is bound to remain, and he cannot depart beyond them without vitiating it. This, in some cases, may be deemed unreasonable, as a slight deviation from its terms may often occur without in the slightest degree enhancing the risk of the company; but in order to prevent the multiplicity of questions which would arise in the settlement of losses if this enhancement was left open to inquiry and investigation, instead of being fixed and determined by arbitrary rules, the various insurance offices have deemed it imperatively necessary to mark out and define, by general provisions, the extent of country within which the assured must confine himself. It would be foreign to our present purpose, to enumerate all the various and minute warranties and stipulations which a policy of the nature we are considering embodies; or to notice and point out the high legal adjudications by which their construction and effect have been established.

The general principles of law by which ordinary agreements are governed, apply with equal force here; and as our main object is, to mention only those peculiarities which distinguish a policy of life insurance from other written instruments, we shall not depart from it by entering into a discussion of that which is wholly disconnected with its accomplishment. There is one branch of this subject, however, which yet remains to be considered in a legal point of view, with reference to an important feature it presents, and which has a material bearing upon the rights of the insured. We allude to the case of a creditor who insures the life of his debtor as security for the ultimate payment of his demand. In this case, it is necessary that the party insuring should have a plain, legitimate interest in the person whose name is inserted in the policy. Statutory provisions to this effect have long existed in England, it having been found of the utmost importance to check the notorious gambling and tendency to crime which it otherwise was calculated to produce; and in this country the same rule universally prevails, and such interests must not only exist at the time the policy is obtained, but must actually continue until the period when the sum for which the life is insured shall be claimed. What would be deemed a sufficient interest, or what must be

its nature, in order to constitute a foundation upon which to base the policy, it would be difficult in some instances to define, although, in the case of a debt, the company would, under any circumstances, be liable to its amount.

Upon the general principle of allowing an individual to insure the life of another whose death may deprive him of a pecuniary right, there does not seem any good reason for denying this privilege to a person who is dependent upon the life of another for support; as in the case of aged and infirm parents, who rely upon the exertions of their children for the comforts and enjoyments of life; and under these circumstances policies have been effected, although their legal efficacy has never been determined by judicial decisions.

Although, as a general rule, the death of the person whose life is the subject of insurance determines the right of all the parties, yet if the creditor is subsequently paid the amount of his claim he cannot recover; for the insurance is regarded in the light of an indemnity against the loss of his debt, and if it is paid, the contingency upon which the loss depends no longer exists. This principle was laid down and established in England, in an action brought upon a policy effected upon the life of the Hon. William Pitt. The insurance was obtained by his coach makers, for five hundred pounds, he being indebted to them in more than twice that amount. After his death, and before the commencement of the suit, his executors paid out of the amount granted by parliament for the discharge of his debts, the full sum which they were entitled to receive; and under these circumstances, the court held, that they could not recover upon the policy, on the ground that the damages occasioned by the death of Mr. Pitt were prevented by payment of the debt before the action was commenced. As we have before observed, the company insuring will seldom avail itself of a defence of this nature; and in the case we have mentioned, the office did not take advantage of the verdict which was rendered in their favor, but paid the money to the insured before they left the court.

Our examination of some of the more important principles of law upon which this species of insurance is based, and by which it is governed, is perhaps sufficient to point out the material legal rights which the insured enjoys, and the rules of action he is bound to pursue in order to preserve them unimpaired. A more minute detail in this respect would involve numerous technicalities, most of which are of minor consequence even to those most interested.

The brief legal outline which is here given, will no doubt be uninteresting to many, and seem unnecessary to be noticed; but for the purpose of rendering contracts of this nature, for which so many entertain a prejudice, familiar to the mind, and to illustrate the principles which constitute their foundation, we have thought its introduction useful in connexion with the more miscellaneous and varied materials of which the whole is composed.

The numerous life insurance companies which have sprung into existence within the last few years, are more conclusively evident of the many benefits which they are capable of conferring upon mankind, than any thing else which can be advanced.

We do not pretend to deny that they are founded upon self interest, and governed in their operations by hopes of gain; but the theory of

this species of insurance, from its very nature, is calculated to effect the most benevolent objects. The calculation of chances by which the amount of premium is determined, is governed by the probabilities of human life, deduced from long and varied experience and observation, which, together with the spirit of competition prevailing among the different offices, precludes the possibility of unfairness or imposition. Many evils may exist in their management, calculated to prejudice the rights of individuals whose interests are entrusted to their care; but when they are placed under the direction and control of men possessing a high integrity of character, combined with respectable talents and enlarged business capacity, no doubts or fears need be entertained of the honorable adjustment of every equitable claim.

Many of these companies in England, present an array of names in their list of directors, who are known as well for the high rank which they occupy among the nobility of that kingdom, as for the benevolence which induces them to lend their powerful influence in the support of whatever is calculated to produce results of a beneficial character; while others endeavor to create and support a reputation far beyond what they deserve, by parading a number of lords and honorables in their directorship, who are ignorant of the very existence of such institutions, except, perhaps, by a glance at a newspaper advertisement. It must be borne in mind, however, that many of them are mere associations of individuals without charters, loosely constituted, with irresponsible officers, a nominal capital, and who assume a borrowed guise in order to insure a greater prospect of success in their schemes of managing, trickery, and fraudulent conspiracy. The larger portion, however, are conducted in a highly honorable manner, possess enormous capitals, and afford the most perfect guarantee against every species of unfairness. Their long standing presents the strongest evidence of the great advantages which they have conferred upon the public, and at the same time furnishes a powerful presumption in favor of supposing that their dealings with individuals have been characterized by the strictest integrity. There are now about seventy offices of this kind in London, some of which have been established more than one hundred years. The lives which they insure number more than four hundred thousand, and are rapidly on the increase, and have been for a great number of years.

It is true that more persons exist upon a life income in Great Britain than in the United States, and consequently, the number of families dependent upon its duration is greater, which partially illustrates the cause why life insurance has been so generally introduced and extensively used in the former country, while it has, until recently, been almost unknown in the latter. But this is by no means the only cause, nor can it with any justice be assigned as a principal one; for with the credit system, almost infinite in its extent, and with every variety of complicated business transactions, which are calculated to swell the relationship of debtor and creditor, no country on earth presents so vast a field for its beneficial employment, in securing the ultimate payment of those obligations which depend upon the lives of men for their discharge, as the United States.

In a country combining all the elements calculated to demand the extended use of insurance of this nature, how does it happen that it is so

seldom employed, while every other species of securities are eagerly sought after, and unhesitatingly grasped? It certainly cannot be for want of safe and honorably conducted institutions, in all respects calculated to afford the assured every protection which his interests require, for in no country are they established upon a firmer basis, with more salutary checks to guard against an abuse of their chartered privileges, than in our own.

The New York Life Insurance and Trust Company, in the city of New York, has been in operation but a few years; but the vast confidence which the Court of Chancery reposes in its management, by entrusting it with the disposition of those immense sums of money over which this court exercises a control, together with the public countenance and support which has ever attended the efforts of this company to promote the objects of usefulness for which it was created, conclusively show with what fidelity every trust reposed in it would be executed, and with how much integrity every engagement which it entered into would be performed. The president of this company has taken a great interest in facilitating a knowledge of the numerous benefits which life insurance confers, and his efforts, if attended with a success at all commensurate with the ability he has evinced in putting them forth, cannot fail of producing many beneficial results. Connected as he is with an institution of this kind, and being deeply interested in promoting its welfare, his exertions may be biased in its favor by preconceived opinions; but it is from men who have studied the principles of life insurance that we must look for information, and the high standing of this officer before the public, precludes the probability that he would attempt to mislead the community.

The Farmers' Loan and Trust Company, in the city of New York, a branch of its business being the insurance of lives, is of still more recent establishment; and if a heavy capital, under the direction of able and experienced officers, are considerations calculated to inspire public confidence, and afford any inducement for selecting it as the depository of important interests, this company possesses these requisites, and is every way calculated to confer those benefits upon community which were contemplated at its creation. The Massachusetts Hospital Life Insurance Company, in Boston, which was established many years since, is every way deserving of the high reputation for usefulness which it has so universally and eminently acquired; and in observing that its present officers discharge the various important duties which devolve upon them with a skill and integrity not inferior to that evinced by the late lamented Dr. Bowditch, its former president, who with the purest principles and feelings which ennoble human nature combined the most transcendent intellectual powers that endow the mind of man, we are pointing out the highest recommendation which can exist to render it deserving of public favor.

Many other offices are established in this country, in all respects worthy of confidence and trust, so that every opportunity exists for effecting insurance of this nature; and nothing is now wanting, but a correct appreciation of its importance, to induce an indefinite multiplication of policies.

This importance we have endeavored to show, and in doing so we have attempted to keep in view the many evils which inevitably result from

carrying this kind of insurance too far; for, notwithstanding the theory which one or two modern writers have advanced, advising its almost unlimited extension, we are of opinion that no person should be permitted to effect it upon the life of another in which he has no interest, and for whom he entertains no affectionate regard calculated to prevent him from endeavoring to hasten that contingency upon which depends his pecuniary reward.

ART. IV — MERCANTILE LIBRARY ASSOCIATION LECTURES.

PROFESSOR OLMSTED'S COURSE ON METEOROLOGY.

LECTURE VII.

Hail Storms and Water Spouts.

THE lecturer, according to his usual practice, first recited the leading facts, and then proposed his explanation.

It is a very singular fact attending hail storms, that they are confined chiefly to the temperate zones, being seldom met with in the torrid zone, and never in their violent forms in the polar regions. Of all countries in the world, the south of France is visited with the most frequent and destructive hail storms. These storms are most violent during the warmer half of the year, and in the hottest months.

No one can doubt of the existence of an extraordinary degree of cold in the region of the atmosphere where the hail stones are formed; but the question is, how is this cold produced? Some suppose it owing to the agency of electricity. Professor Olmsted discarded this explanation, on the ground, that no known properties of electricity would cause such a degree of cold; moreover, were hail stones produced in any way by the agency of electricity, we should find them most frequent and violent in the torrid zone, where electrical phenomena are most remarkable; whereas such storms seldom occur in those regions. The true cause of hail storms is, the sudden cooling of a body of very hot and humid air, through the agency of the region of perpetual congelation. It had before been explained, that the atmosphere becomes continually colder as we ascend from the earth, until, at a certain height above every country, we reach a temperature where water freezes. This is called the term of congelation. Beyond this the temperature still decreases, until it reaches a degree of cold inconveniently intense. Such a region as this is well fitted to be nature's grand magazine of storms and clouds. In the lower parts of this region, the temperature is suited to the formation of clouds and rain merely; but at a short distance above, the cold becomes intense enough to condense watery vapor into hail; nor do we require any thing more than that a hot body of air, largely charged with watery vapor, should be suddenly transported into this region, in order to cause a hail storm. The modes in which such a body of air may be subjected to the influence of the region of congelation may be various. Were a body of hot air from the confines of the torrid zone to flow northerly at the elevation of two miles, it would soon plunge into

the region of congelation over the colder latitudes ; and if it should meet with a current of cold air at the same height, coming from the northern regions, (where such a height would be far beyond the term of perpetual congelation,) the effects of such a meeting would be very violent, and the sudden condensation of the water contained in the hotter current into hail would be a certain consequence. The lecturer, however, did not say that this was the precise mode in which the congelation is effected. In whatever way a hot and humid portion of air is suddenly transported into the region of intense cold, a hail storm will result, whether the air flow horizontally from the hot regions of the south into the region of congelation that exists at the same elevation over the temperate latitudes—or whether, as some suppose, the air rushes up from the surface of the earth, in consequence of a sudden and extraordinary rarefaction occurring in the upper regions—or whether, as others suppose, it is suddenly transported upward by a violent whirlwind. The explanation proposed, is independent of the peculiar mode in which the air, from which the hail is precipitated, is brought under the influence of the region of congelation. It asserts merely that the cold in question is derived from this region, and is not produced by the agency of electricity, or any other occult or mysterious cause.

On comparing this explanation with the leading facts before enumerated, we find it affords a happy solution of several difficulties never before removed. Thus, we readily see why hail storms should be confined chiefly to the temperate zones, since the region of congelation is so high in the torrid zone, that such a body of hot and humid air as that from which the hail is precipitated would seldom or never reach it ; and although in the polar regions the term of congelation is very low, yet there we cannot find the hot and humid body of air itself to transport into the cold medium. In the temperate zone, mixtures of very hot and very cold airs may be easily effected ; or a volume of very hot and humid air may be easily transported by a whirlwind far above the term of congelation. That the most violent hail storms are produced by such whirlwinds is very probable, since such large hail stones as are sometimes formed imply the existence of some force which sustains them in the upper regions for a considerable time.

The frequency and violence of hail storms in the south of France is also easily understood, since here occurs the meeting of an extremely hot and humid body of air, that frequently crosses the Mediterranean from Africa, with the cold atmospheres of the Pyrennees on the one side, and of the Alps on the other. A similar explanation is afforded to all the other leading facts regarding hail storms.

Water Spouts.—Water spouts are whirlwinds formed over the sea. Suddenly the attention of the sailor is arrested by the formation of an exceedingly dense and black cloud, (often formed in a clear sky,) which descends in the shape of an inverted cone, towards the surface of the sea, where it is met by a more obtuse column, formed on the sea itself. It rains on all the surrounding region, often with great violence. Sometimes several of these spouts occur near each other at the same time. Fourteen have been known to form at once within a small distance of each other. They are proved to be whirlwinds, because they exhibit all the properties of whirlwinds. They move slowly forwards, and sometimes suddenly break up. Water spouts sometimes are formed

over land, and become identified with tornadoes. Instances have occurred where they have crossed a river, and have taken up the contents of the stream, and distributed them over the neighboring country. Fish and mud have been thus raised from the bed of rivers, and scattered over the surrounding region.

Although we have proofs that water spouts are whirlwinds, and we can accordingly assign to them the same laws, yet it is extremely difficult to assign the true cause of their formation. Like fame, "they stalk on earth, and hide their heads among the clouds."

LECTURE VIII.

Aurora Borealis.

The Aurora Borealis exhibits a number of distinct varieties. In its simplest form, it has merely the appearance of a twilight in the north. In its more exalted forms, it shoots up into slender spindles called streamers—or spans the heavens with a luminous arch—or forms a ringlet, called the corona, around a point a little southeast of the zenith, around which the streamers arrange themselves, as a common focus. In the more splendid exhibitions of the aurora, a large bank of light is first seen near the northern horizon, which afterwards sends forth streamers, flickering corruscations, and waves which flow with immense velocity, sometimes upwards towards the corona, and sometimes around the horizon, crossing the streamers apparently at a much lower elevation. These are called "Merry Dancers."

Although similar exhibitions have occurred in all ages, and are often described in history, yet they have their periods;—for a number of years, usually not exceeding twenty, auroras are frequent and magnificent, and then are scarcely seen for fifty years or more. One of these periods embraced the era of the revolutionary war, and of the old French war; and another period, probably as brilliant as any on record, is now in progress, having commenced in the year 1827.

The leading facts respecting the aurora are as follows:

They are very frequent and splendid in the polar regions; but are seldom seen at all below the latitude of forty degrees. They are seen over an immense extent at the same time. The aurora of September 3d, 1839, was seen, almost in equal magnificence, at London, in Canada, at New York, and at New Orleans. Hence its height must, sometimes at least, be very great. Estimates carry it as high as fifty or sixty, or even one hundred miles. The aurora has singular magnetic properties. The magnetic needle is violently agitated during its presence; streamers arrange themselves parallel to the magnetic meridian; and the corona is formed around that part of the heavens towards which the dipping needle spontaneously directs itself, that is, towards the pole of the dipping needle.

In seeking an explanation of the aurora, general recourse has been had to electricity; but Professor Olmsted objected, that it cannot be accounted for from any of the known properties of electricity—that it is no explanation to call it "an electrical phenomenon"—that if electricity could satisfactorily account for the properties of the aurora, yet it does not account for its *origin*, which is the principal thing to be ex-

plained—and finally, that the atmosphere exhibits, during an aurora, no peculiar electrical excitement, and in the torrid zone, where electrical phenomena are the most remarkable, the aurora does not occur at all. After discussing, in a similar manner, all the existing hypotheses proposed to account for the aurora, the lecturer came to the conclusion, that they all fail to explain either its phenomena or its origin. He then urged the probability that its origin is extrinsic to the earth—that it is a “celestial visitant”—that the matter of the aurora is thrown into the atmosphere from some of those nebulous bodies that are known to be circulating in the solar system, one or more of which, in his opinion, produced meteoric showers. He did not think, however, that we are able to arrive at present at a full explanation of the origin of the aurora borealis, but holds that this is one of those points which are in reserve for the next or some future age.

LECTURE IX.

Meteoric Showers.

The most remarkable display of shooting stars on record, occurred on the morning of November 13th, 1833. From a little after midnight to sunrise, the sky was lighted up with the most brilliant fire-works. The leading facts, when collected from various sources, and systematically arranged, proved to be as follows:

The exhibition of shooting stars was seen in nearly equal magnificence and splendor all over North America, and it was chiefly confined to this country, having been witnessed on the east only about ten degrees from our coast, and on the west only a little farther than the confines of the Pacific Ocean; while, on the south, it fairly reached to the coast of South America. A great portion of the meteors were minute points which described a narrow streak of light in the air, appearing somewhat like snow driven furiously by the wind, and hence it was said to “snow fire;” but, at frequent intervals, much larger bodies descended along the arch of the sky, all seeming to proceed in lines, which, when traced back, came from one and the same point in the constellation Leo. At every return of the November shower since, the apparent “radiant,” or place among the stars from which the meteors have appeared to emanate, has been likewise in the constellation Leo. In this, and in all the other November showers, the maximum, or period of greatest brilliancy, has occurred about four o’clock in the morning.

Immediately after the occurrence of this great meteoric shower, it was ascertained that a similar one had occurred in 1799, on the morning of the 12th of November, arriving at its maximum at the same hour of the morning; and that, only one year previous, namely, the morning of November 13th, 1832, a like display of shooting stars was witnessed at Mocha, in Arabia. Subsequent investigations have established the fact, that the phenomenon has been exhibited in a greater or less degree on the 13th or 14th of November, every year since 1831, inclusive. In France, and other parts of Europe, in 1836, observations were made in a great number of observatories, which resulted in establishing a full conviction of the periodical return of the meteoric shower at this time of the year. Professor Olmsted remarked here, that it was no part of his theory of meteoric showers, that a shower should be exhibited *every* November. If it should occur at all, it would probably visit different

parts of the earth in different years; but, according to his views of the origin of these showers, it is most probable that, like the aurora borealis, they have particular periods, which occur after long intervals, and last only a few years.

Two other annual returns of the same phenomenon have been established,—one about the 10th of August, the other about the 7th of December. These showers, however, differ materially in several respects from those of November, and it is uncertain whether or not they depend on the same cause.

The lecturer next examined several of the leading hypotheses which have been proposed to account for meteoric showers, such as that they are produced by electricity, by magnetism, by hydrogen gas collected in the upper regions, and by terrestrial comets revolving around the earth as ordinary comets do about the sun. All these suppositions he showed to be incapable of explaining the phenomena, or of accounting for the origin of these showers.

LECTURE X.

Cause of Meteoric Showers.

Professor Olmsted began this lecture by stating the difficult inquiries involved in the investigation of the cause of Meteoric Showers. Such are the following: Was the origin of the meteors within the atmosphere or beyond it? From what height did they descend? In what direction? With what velocity? Of what size were the meteors? Whence their light and heat? And, finally, whence their origin?

In answer to these inquiries, it was shown, that the meteors came from a region beyond the atmosphere—that they came from an immense height, so great as not easily to be estimated by any data in our possession—that they fell towards the earth in parallel lines, their apparent radiation from a common centre being the effect of propulsion—that they moved with an immense velocity, greater than could arise simply from the earth's gravity, which can never give to a body a greater velocity than seven miles per second—that some of the meteors were bodies of great size, often, at least, a large fraction of a mile in diameter—that they took fire and burned by falling into the atmosphere, and condensing the air before them so suddenly and so powerfully as to elicit from it the light and heat obscured. All these points were clearly proved by the most substantial reasons, which our limits will not permit us fully to recite.

The professor finally instituted the inquiry, "What is the origin of these meteors?" The meteors were evidently composed of exceedingly light matter, else they would have come down to the earth—and of transparent matter, otherwise we should have seen them, at least by reflected light, before they entered the earth's atmosphere—and of combustible matter, since they were seen to burn. Now were these meteors all collected and restored to their situation in space, they would of themselves compose a body of great extent, and yet many reasons go to prove that they constitute but a small part of the body itself from which they are derived, being only the "extreme portions" of that body. Hence it is inferred, that the meteors fell to the earth from a large body in space, composed of such materials as the meteors themselves, and hence of anebulous character, or analogous to the tails of comets.

But the earth, in its revolution around the sun, had fallen in with this body for several successive years, in the same part of its orbit. Had the body remained there while the earth had gone round the sun? That is impossible, since no body in the solar system can remain at rest. If not attracted by some nearer body, it would descend immediately to the sun. This body, therefore, must have a revolution around the sun, in order to be found for several successive years in the same part of space.

What is the period of its revolution? It must be either the same as that of the earth, or greater, or less. It could not be greater, for in that case it would not have got round so soon as the earth. It must therefore be either the same, or less. If less, the period must be some aliquot part of the earth's period, as one half, one third, etc., so as to perform just two or three revolutions while the earth performs one, otherwise the two bodies could not come together at the end of a year. Let us suppose, then, that the period of the meteoric body is one third of a year, or four months. Now when we know the time in which a body revolves around the sun, we can find the longer axis of its orbit by Kepler's law—that the squares of the periodic times of the planets are to one another as the cubes of the major ones of their orbits. This law is known to govern all the bodies of the solar system, and must govern the body in question. But were the period of this body only one third of a year, the greater axis of its orbit, as determined by the foregoing law, would not be sufficient to reach from the sun to the earth, and therefore a body revolving about the sun in such an orbit could never come so near the earth as this body actually did. Hence the period could not have been so small as one third of a year. Was it half a year? The determination of its orbit on this supposition, gives a major axis sufficient to permit the body to go around the sun, and still at its aphelion, or greatest distance from the sun, to come very near to the earth. Hence it is inferred, that the period must be either a year or half a year. Some reasons induce the belief that it is half a year; but this point is not yet fully decided.

Since, then, a large nebulous or cometary body comes very near the earth about the 13th of November, ought it not to be seen by reflecting the light of the sun, even if it does not shine by its own light? There is a body of this description seen in the solar system, known by the name of the zodiacal light, exhibiting a faint pyramid of light, either after the evening or before the morning twilight. Does this body correspond, in its appearances and its different positions, with those which the body in question must assume? Professor Olmsted thinks there is much reason to believe that such is in fact the case, and that the zodiacal light itself is no other than a nebulous body revolving in the solar system, and coming at its aphelia very near to the earth. Still he does not consider this opinion respecting the zodiacal light as essential to the proof of the existence of such a meteoric body as that contemplated by the theory, but only as lending an incidental confirmation of it. He claims that all the conclusions respecting such a body are made out by a fair induction of facts, except what relates to its period of revolution. It is still uncertain whether that is a year or half a year. We may assume each of these periods, and compare it with the phenomena, and that which corresponds best to the facts will prove the true period.

ART. V.—HISTORY AND LAW OF FIRE INSURANCE.

FIRE insurance, though coming directly home to the interests and bosoms of a large portion of the community, is of modern origin, and is the offspring, in some degree, of crowded cities, and great accumulation of personal property. Though constituting but a small item in the law-merchant, properly speaking, fire insurance, in amount of risks, has however in Great Britain, and we presume in this country, far outrun marine insurance; and the former has become, in some degree, to those whose habitations and whose interests are alone upon the land, what the latter is to those who do business upon the great deep. Still, though the risks have increased so much, the law in relation to fire insurance is neither abstruse nor complicated, and has not occupied much of the time or the talents of the judicial tribunals of the old or the new world. Founded upon contracts limiting and defining with much precision the extent and nature of the insurer's risk, the construction of these contracts has constituted generally the important point in most of the decisions upon this subject. When Mr. Park published his treatise on marine insurance in 1786, he says that he had been able to find but three leading cases upon fire insurance among the decisions of the English courts. Since then, however, fire insurance has greatly extended, and some new questions have arisen, and been discussed with a zeal and knowledge corresponding with the importance of the subject.

The oldest fire insurance society or company now in existence, so far as we have been able to ascertain, is the Hand in Hand Contribution Society of London, which was organized in 1696, about thirty years after the great fire with which that city was visited.

It has been supposed that fire insurance societies had their origin in England soon after the fire, and the supposition is by no means improbable. When recurring to the condition of London at that period, we are led to feel that the afflictions of our city, severe as they are and have been, are light in comparison with those of that then ill-fated city. In the year 1665, the plague carried away nearly one hundred thousand of her inhabitants; and in the following year, the fire rendered houseless two hundred thousand more, and this with a population of little more than half a million. It was one of the consolations of the afflicted Londoners, that the fire had burned out the plague. Many of the narrow and filthy streets, where it had previously found a fit abiding place, were destroyed, and that scourge of London, so far as that city was concerned, might almost literally have been said to have been burned up. A brief recapitulation of the extent and consequences of that fire may not be uninteresting.

It raged for three days, and burned over, within the walls of the city, three hundred and seventy-three acres, and about seventy-five acres without the walls. Thirteen thousand and two hundred houses were destroyed, embracing eighty-nine parish churches, besides chapels, together with the cathedral of St. Paul, and the Royal Exchange.

It was checked by the blowing up of buildings with powder, but not until the inhabitants had almost given up in despair, feeling

"That the strong man's arm was impotent to save,
And powerless were the mighty and the brave."

The loss of property was estimated at ten millions sterling, which, considering the increase of personal property and the depreciation of money, would probably equal at the present time eighty millions of dollars.

The parliament voted the sufferers one million and eight hundred thousand pounds sterling, to be assessed upon the whole nation. In four or five years the city was entirely built up, and commodious streets and substantial brick and stone edifices took the place of narrow lanes and wooden rookeries. This, with the burning out of the plague, say the chroniclers of the day, rendered what at first was considered a great national calamity, almost a national blessing. Upon individuals rich and poor this great loss bore heavily, and the heart of many a widow and orphan was wrung with anguish. A calamity so awful and afflictive might naturally have suggested the adoption of some means to prevent thereafter so much individual want and suffering;—some means which should transfer the loss by fire to a considerable portion of the community, and thus render light a misfortune which might otherwise reduce the immediate sufferers to poverty. Hence, it is said, arose societies for mutual assistance in case of fire; among the earliest of which was the Hand in Hand Contributionship Society, already mentioned, which has survived its contemporaries, if any it had, and which, for a century and a half, has afforded aid to the unfortunate, and sustained itself amid all the changes and disasters of that great emporium of the civilized world.

Companies like those in our city, where capitals are employed by owners who are not necessarily among the insured, were of still more modern origin, in England at least. Upon the continent of Europe, fire insurance, it is said, has never become general. It was introduced in Paris in 1754, but Pothier says that it never became very general in that city. In Holland it is said to be almost unknown. Magens, who published a translation of his work on marine insurance, in London, in 1755, says, that at Hamburg there existed an institution called a Fire Cassa, of long standing, and which, in most of its features, resembled the mutual assistance societies of England. The small risk run in Hamburg may be judged from the fact that only one quarter of a mark premium per annum was charged upon one thousand marks insured—about one tenth of the lowest premiums of this city. By the rules of that institution, no house could be insured, be its value ever so great, for more than fifteen thousand marks—about five thousand dollars. "We can account for this limitation," says Magens, "in no otherwise, than by supposing the intention of the legislature to have been to curb by this restriction the pride of the citizens, and hinder them from being too magnificent in their buildings"—and he adds, that it is a "very wise maxim, certainly, in a trading city." We apprehend that a better solution might be found, in the supposition that this rule was adopted for the purpose of preventing any individuals becoming entirely and completely insured, and thus leaving sufficient property at stake, in ordinary cases, to protect the society against culpable negligence, if not against fraud.

In England, in 1755, fire insurance, says Magens, was very common; and he states the usual premium to have been two shillings on the hundred pounds on the first thousand, and two shillings and sixpence on the hundred pounds for each additional thousand—being the one tenth

of one per cent. on the first thousand, and one eighth of one per cent. on the additional thousand—a rate of premium, also, far below that of our own day, which, before the late fires in our city, varied usually from three tenths to six tenths of one per cent. In his day, he blames companies for making insurances too readily upon property of persons unknown and of doubtful character; an error undoubtedly of corporations at the present time—an error which has always been a fruitful source of loss, and we might add of crime, and which has tended to enhance the insurer's risk.

We have already stated, that in amount of risks fire insurance greatly exceeds marine insurance, especially in Great Britain. At the present time, a tax of three shillings upon every hundred pounds insured is levied and collected by the government of that country. Estimating from the amount of this branch of revenue, in 1830, there must have been insured against loss by fire in that year, in Great Britain, property to the extent of seventeen hundred millions of dollars. The marine insurance in the same year amounted to nearly one third, or about five hundred millions. In our city, previous to the late fires, there was probably taken by all our fire insurance companies risks to between seventy-five and one hundred million of dollars. The law of the contracts regulating risks of such enormous magnitude, though neither abstruse or complicated, becomes of great importance.

In ordinary fire policies, the insurers, after reciting the receipt of the premium and the subject insured, usually covenant and agree, or undertake, that from the day named in the policy unto and inclusive of another day named in the policy, the stock and funds of the company shall be liable to make good any loss or damage by fire which may happen to the property insured, except loss or damage by fire happening by any invasion, foreign enemy, civil commotion, or riot, or any military or usurped power. Several of the exceptions have been the subject of litigation, and their meaning defined. Thus, it has been held, or decided, that the words "usurped power" are meant only to extend to cases where houses are set on fire by means of an invasion from abroad, or of an internal rebellion, where armies are employed to support it. In another case, Lord Mansfield defined a civil commotion to be an insurrection of the people for general purposes, though it may not amount to a rebellion, where there is an usurped power.

Another ordinary condition of the policy is, that if there shall be any fraud in the claim for loss, or any false swearing in relation thereto, that then the claimant shall forfeit all benefit under the policy. This is an important provision, and is often made the ground of resistance to the payment of claims for losses believed by the insurers to be unfounded. As by the terms of the policy, also, no payment is to be made without the oath of the insured, it follows, that in case of unjust claims, they could always be resisted, if it were in the power of the underwriters to furnish the requisite testimony. But it is not a mere mistake or misapprehension of the insured, in making up the estimate of his loss, that will render void his policy. It must be done with a fraudulent intent, and the intent must be gathered from the circumstances of each case. There are also usually different classes of risks which are enumerated in the policies, or in schedules annexed to them, and the premium corresponds with the risks. When a statement is given by a person proposing

to insure, it is generally necessary that he should specify the property in such a manner as that the insurer may determine to what class it belongs and regulate the premium accordingly. In many cases, and especially in city risks, the insurers make their own survey or examination, and determine for themselves the class to which the risk belongs. It has been held that such a statement, though in writing, does not constitute a part of the policy, and that there is an important distinction between a misrepresentation contained in such a statement furnished, whereby property insured is placed in a more favorable class as regards premium, and a warranty upon the face of the policy that it belongs to such class. But if the representation is referred to as forming a part of the policy, the same as if inserted therein, or any similar words, it becomes a part of the policy, and every statement in it becomes a warranty. A warranty in a policy has been defined to be a condition, or a contingency, that a certain thing shall be done, or happen, and unless that is performed there is no valid contract. In the former case, when the statement is not inserted in, or referred to in the policy, if the misrepresentation has grown out of a mistake, or if the variation is so slight that the risk is not materially altered, the insured might recover. But if there be a warranty, then the thing to be done or happen must be performed, and the property insured must conform to the class to which it is assigned, and the slightest variation will discharge the insurers. Thus, in the case of the *New Castle Fire Insurance Company v. Macmoran & Co.*, the defendants were held not entitled to recover their insurance, because, on the face of the policy, they had warranted the cotton factory insured by them to belong to the first class of risks when it belonged to the second. The only respect in which the factory differed from one of the first class was in the length of a stove pipe, which was three feet long when it should have been but two. In all other things it was in accordance with the warranty, and an alteration in that particular was made after the execution of the policy by the company, and before the loss occurred; but it was held that the variation at the time of the execution of the policy was fatal, and that the warranty must be strictly and literally complied with; and the defendants, therefore, lost their insurance.

The application for insurance and the policy should specify particularly the several kinds of property and the amount insured on each; or, if there are several buildings, they should be described or mentioned in the policy separately, and the amount insured on each building specified. So, also, personal property should be described with reasonable certainty as to its nature or kind. If an insurance be made on the stock in a store, or by any similar words, books of account, written documents, securities or evidences of debt, deeds, writings, money, or bullion, unless particularly specified, would not be protected. So an insurance expressed to be on household furniture would not protect jewels, plate, paintings, statuary, sculpture, or other similar articles of mere ornament.

The nature and amount of the interest of the applicant for insurance should be fully and fairly stated—the interest of the party in buildings, whether as owner in fee, tenant for life, or for years, mortgagee, judgment creditor, or whether legal or equitable; and some offices require the applicant to disclose any incumbrance by way of mortgage, judgment, or otherwise, upon the property.

Another important condition contained in fire policies is, that if the

insured shall make any other insurance upon the same property, and shall not with reasonable diligence give notice, or if at the time of effecting the insurance the property shall be insured in another office and notice thereof is not given, in either case the policy is to be void. Then, in case of a loss, each company pays only that proportion of the loss which its amount of risk bears to the united risks of the whole; so that in no event can the insured recover beyond the value of the property destroyed, unless by concealment or misrepresentation, which if discovered would invalidate his policy. The rule in some cases has operated rather hardly upon the insurer, and especially in the great fire of 1835—as in cases where a merchant's stock has been reduced, by sales or otherwise, below the amount of his insurance, and he is partly insured in companies which are solvent, and partly in those which are insolvent. Though his whole stock of goods lost may not exceed the amount of his insurance in the solvent company, yet his having an insurance also in an insolvent company prevents him receiving only their proportion from the solvent company. Still, the premiums charged by each company are the same, whatever number of offices the same property may be insured in. The condition, however, is a good one, and is inserted for wise and prudent purposes. Were it otherwise, there would be great temptation to fraud, and the insured, after obtaining insurance to an amount far beyond the actual value of his property, might be induced to become himself the incendiary, in order to make a good sale of his effects. In all cases of insurance against fire, the insured must have an interest in the property. The doctrine that insurance against fire is a mere bet or wager, and that it matters not whether the insured has or has not an interest in the property insured, has at times been contended for, but has always been repudiated by the courts. If allowed, it would indeed be a dangerous doctrine. In marine insurance, it was formerly held that wagering policies were good; and now marine policies are frequently made out to brokers, or to an indifferent person, specifying that it is for the benefit of the person mentioned, or of whoever it may concern. It appears to us that this is an objectionable feature even in marine policies, as the character of the insured in almost all cases must, in some degree, qualify the insurer's risk. The practice is said to have grown out of the over anxious desire of merchants to keep their adventures as far as possible concealed from the knowledge of the public. But it is not so objectionable a feature in marine as it would be in fire policies. The mariner, tossed upon the lonely ocean, and driven by violent storms upon rock-bound coasts, finds a check upon his desire to commit a fraud, if any such desire he may have, in the perils and dangers ordinarily incident to his pursuit. If, however, wagering policies were allowed in fire insurance, or if individuals were allowed to effect insurance upon property not their own, or in which they had no interest, insurance would become an invitation to fraud, and instead of being an indemnity in case of accident, might become a high premium to be paid for successful crime.

The character of the interest of the insured has been several times considered, and a liberal construction has been given to this branch of fire insurance law. In the case of the *De Forrests v. the Fulton Fire Insurance Company*, in the Superior Court of this city, the question came up, whether a commission merchant had an insurable interest in the property consigned to him for sale, and after a full discussion, it

was decided that he had such an interest, and that he could recover the insurance in his own name. In the policy, the property insured was stated to be the property of the assured, or held in trust by them, or on commission. Chief Justice Jones said, "that in principle the consignee, who has the actual possession of the property, with plenary powers of sale, must be clothed with a special property in the goods, so as to enable him to effect a valid insurance upon them in his own name, and to entitle him to recover for the loss of them, upon an averment of interest in himself. This is undoubtedly a liberal construction, but one which was considered necessary, as without it it would be difficult for the commission merchant to transact his business. As between him and the consignor, in case of loss, he would be obliged to account to the latter for such goods as belonged to him, or for such proportion of the insurance as was effected upon his property, and it being specified in the policy that the goods are on trust or commission, it is in the power of the insurance company, if they mistrust that there may be insurance also by the consignor, to call upon the commission merchant to disclose the owner of the property. But care must be taken to have the policy worded so as to cover property held in trust or on commission. Thus, in the case of *Brichta v. the New York Lafayette Insurance Company*, also in the Superior Court, it was held, that an insurance of the plaintiff upon goods and furniture in his store, would not cover property left with him for sale, and upon which he had made advances. Had his policy contained the clause, his goods and furniture in his store belonging to himself, or held in trust by him or on commission, then he would have brought himself within the rule laid down in the previous case. A *bona fide* equitable interest in property may be insured. Thus, in the case of *Tyler v. Aetna Fire Insurance Company*, in 12 Wendell, the Supreme Court held, that a person holding a contract for the purchase of a house, upon which contract he had paid money, and was bound to pay more, could insure. In equity, he has the same estate as if he had the fee vested in him, and would have an interest to protect the property, as much as if he were the absolute legal owner.

So it is presumed a lessee could insure his rent, especially when there is a contract on his part to pay the rent, and no contract on the part of the lessor to rebuild, or that the rent should cease on the destruction of the premises by fire. The lessee, under such circumstances, would have a *bona fide* equitable interest in the premises. So, a judgment creditor may insure. Whatever may be the amount of the insurance, the insured can only recover to the extent of his interest in the property.

An insurance against fire having been effected, the insured cannot assign the policy without the consent of the company; and even then the assignment would be of no use, unless the subject insured, or some interest in it, be transferred also; for the policy, as we have seen, would be of no value, unless the holder has an interest in the property. In case, however, of an individual having a specific lien upon the property, as a mortgagee for instance, then an assignment of the policy, with consent of the insurers, might enure to his benefit. Companies ought to possess this power to withhold their consent to the transfer of policies. Frauds and fraudulent claims upon fire offices are so frequent, that the character of the party proposing to insure has become a subject of great

importance. If the insured were allowed to part with his policy, and to assign it to whom he chose, he might materially affect the risk, or might indeed create a new risk, which the insurers would not be willing to assume. After a loss has accrued, it is in the power of the insured to assign his policy without the consent of the company, for the risk has terminated, and it is simply the assignment of a claim. But though the policy may be transferred after a loss without consent, and at any time during the continuance of the risk with consent, still the transfer of the property insured passes no right to the policy. More than a century ago, Lord Chancellor King held, that fire insurances do not attach on the realty, or in any manner go with the same as incident thereto, by any conveyance or assignment, but they are only special agreements with the persons insuring against such loss or damage as they may sustain.

It has been an interesting inquiry, how far an equity in favor of third persons attaches upon insurance. In more than one case in Chancery, says Mr. Comyn, where the lessee has covenanted to repair, (accidents by fire excepted,) and the house having been burned, the lessor being insured, and *having received the insurance money*, has neglected to rebuild, an injunction has been granted against an action at law by the lessor, for the rent, till the house should be rebuilt. In later cases, however, this principle seems to be denied; and in the case of *Leeds v. Chatham*, 1 Simon's Reports, the vice chancellor said, that with respect to the equity which the plaintiff alleges to arise from the defendant's receipt of the insurance money, there is no satisfactory principle to support it.

This would seem now to be the law upon this subject; and Mr. Ellis, in his work on fire insurance, upon a review of all the cases, remarks, that the contract of insurance is confined to the parties, and that, as a general principle, no other person has any right in equity to the proceeds.

In case of loss by fire, it is usually required by the offices, that written notices be forthwith given, and that as soon thereafter as possible a full written statement of the loss be furnished, accompanied by the oath or affirmation of the insured, and by a certificate of a magistrate or notary most contiguous to the premises destroyed; the magistrate or notary certifying as to the loss, and to the origin of the fire, and that they believe the fire occurred without fraud on the part of the insured.

Thus we have endeavored to trace out very briefly the history and law of fire insurance. It has been questioned, whether the loss of property occasioned by negligence and avarice, and the frauds and crime which have directly or indirectly been induced, do not more than counterbalance the good arising from fire insurance. That the multiplication of insurance companies, and the consequent facilities afforded for effecting insurances, has led to much fraud, and occasioned much culpable negligence, cannot be doubted. It is conceded, by all the writers upon insurance law, that such has been the effect. Magens, in his day, censures the companies for making insurances too readily, and for insuring persons whose characters were unknown, and that such a course led to great evil. Mr. Marshall ascribes many of the fires of London to insurance; and he doubts whether in a general and national point of view the benefits are not more than counterbalanced by the mischiefs it occasions. It has been stated that in Paris, after the introduction of fire in-

insurance companies, fires were much more frequent than before. In our own city, the facts which have been established put the matter beyond question, that insurance is the cause of many of our fires. More than two thirds of the property annually destroyed is insured property, while probably not much beyond a half of the whole insurable property of the city is insured. It has been stated by persons connected with insurance companies, that more than three fourths, and probably seven eighths, of our fires break out upon insured property. It cannot for a moment be supposed that any very large proportion of these fires originate in fraud, at least such was not the impression until recently, but it must be conceded that they are oftentimes the result of negligence, which may be almost equally culpable. The facility and comparative cheapness with which insurance has been obtained, has undoubtedly led to the erection of stores and warehouses in a slight and unsubstantial manner. The owner could obtain an insurance upon them, and the premium which he would be obliged to pay for that insurance would not equal the interest of the additional money required to make them in truth and in fact, as well as in name, fire proof. Stores which contain at times goods to the amount of half a million of dollars are thus slightly erected, and, as in the fire of 1835, and in recent fires, melt away like wax before the devouring element. The fire in 1835, in this city, was unparalleled in this respect. The great fire in London destroyed principally wooden buildings. The fire here swept over a district of our city covered almost entirely with buildings denominated fire proof.

Still, it may be contended, that commercial enterprise could not well be carried on without the aid of insurance; and it seems highly important that when an individual or firm have in their store or warehouse a large amount of personal property, that they should by insurance be enabled to protect themselves against unavoidable and otherwise fatal losses by fire. Men in moderate circumstances are thus enabled, by paying annually a small sum, to guard against the effects of accident which otherwise might ruin them. It is, perhaps, rather the abuse which has been made of fire insurance that is to be censured. If regulations should be made by the companies whereby they should refuse to insure to the full value of property, thereby putting the insured party upon his own care and attention, perhaps the evil might in part be prevented. There are some mutual companies established upon this principle in some of the eastern states, where risks are taken only to the extent of two thirds of the value of the property, which have been very successful.

In London, the companies are compelled by their charters usually to keep at their own expense a certain number of engines, stationed in different parts of the city; and they also employ firemen, and porters to remove goods when in danger. If our companies should raise the rate of insurance, and should also be compelled to provide engines, and firemen, and porters, and if, in every fire that occurs, a rigid investigation should take place, and when found to be the result of fraud, or even culpable negligence, the guilty person should be punished, besides losing his insurance, important improvements would undoubtedly be the result; and the stock of fire insurance companies would become a safe investment for the funds of the widow and the orphan, and a protection to those who may suffer from unforeseen or unavoidable accidents.

We append a table, compiled from the Fire Commissioners' Report in the City of New York, exhibiting the number of fires which have taken place in this city, between the 23d day of May, 1839, and the 1st day of January, 1840; the amount of property destroyed, as nearly as the same could be ascertained, and the amount of insurance effected thereon.

<i>Date of Fires.</i>	<i>Am't Insured.</i>	<i>Whole amount destroyed.</i>	<i>Date of Fires.</i>	<i>Am't Insured.</i>	<i>Whole amount destroyed.</i>
1839.			Oct. 21	1,200 00	No Loss.
May 21	No Insurance.	20 00	.. 21	1,000 00	No Loss.
.. 23	12,000 00	14,943 00	.. 23	No Insurance.	25 00
.. 26	1,000 00	300 00	.. 23	1,150 00	1,500 00
.. 27	49,000 00	2,100 00	.. 23	2,500 00	1,440 00
.. 27	2,000 00	2,500 00	.. 27	7,500 00	1,460 00
June 6	3,500 00	3,486 00	.. 28	5,500 00	150 00
.. 8	2,800 00	3,300 00	Nov. 1	No Insurance.	800 00
.. 18	6,000 00	800 00	.. 2	30,000 00	11,000 00
.. 20	95,000 00	200 00	.. 3	11,000 00	7,000 00
.. 20	3,400 00	2,000 00	.. 5	5,000 00	1,500 00
.. 20	1,500 00	100 00	.. 9	No Insurance.	2,450 00
.. 20	1,500 00	250 00	.. 9	20,000 00	250 00
.. 27	9,000 00	No Loss.	.. 9	800 00	1,290 00
.. 29		No Loss.	.. 10	No Insurance.	200 00
.. 30	70,000 00	64,000 00	.. 10	No Insurance.	300 00
July 1	6,000 00	1,800 00	.. 10	500 00	225 00
.. 1	1,000 00	5,200 00	.. 10	5,000 00	7,000 00
.. 4	No Insurance.	1,550 00	.. 11	No Insurance.	500 00
.. 6	500 00	No Loss.	.. 11	No Insurance.	200 00
.. 7	70,000 00	No Loss.	.. 13	3,000 00	150 00
.. 8	No Insurance.	1,150 00	.. 20	10,000 00	400 00
.. 10	4,000 00	No Loss.	.. 20	No Insurance.	70 00
.. 12	No Insurance.	500 00	.. 21	8,000 00	No Loss.
.. 24	5,000 00	5,000 00	.. 23	1,100 00	750 00
.. 31	1,000 00	350 00	.. 23	No Insurance.	150 00
August 8	1,500 00	470 00	.. 23	No Insurance.	250 00
.. 10	No Insurance.	300 00	.. 23	1,060 00	80 00
.. 12	No Insurance.	No Loss.	.. 24	3,500 00	12,200 00
.. 15	No Insurance.	No Loss.	.. 27	No Insurance.	150 00
.. 17	1,000 00	1,100 00	.. 28	20,000 00	21,000 00
.. 18	5,000 00	5,000 00	.. 29	1,000 00	900 00
.. 19	No Insurance.	No Loss.	.. 29	20,500 00	21,105 00
.. 24	No Insurance.	No Loss.	.. 30	30,000 00	24,000 00
.. 26	8,000 00	5,000 00	Dec. 2	7,000 00	150 00
.. 30	No Insurance.	1,500 00	.. 4	No Insurance.	600 00
Sept. 5	No Insurance.	200 00	.. 5	6,000 00	No Loss.
.. 10	1,000 00	420 00	.. 8	1,500 00	40 00
.. 11	4,500 00	30 00	.. 9	7,150 00	4,500 00
.. 23	90,000 00	287,100 00	.. 9	26,000 00	2,100 00
.. 25	6,350 00	100 00	.. 10	1,100 00	40 00
.. 29	27,000 00	6,500 00	.. 14	550,000 00	360,000 00
.. 29	No Insurance.	No Loss.	.. 15	2,000 00	1,750 00
Oct. 5	1,900 00	130 00	.. 16	20,000 00	1,800 00
.. 5	500 00	500 00	.. 17	550 00	No Loss.
.. 6	631,500 00	1,000,000 00	.. 19	No Insurance.	3,000 00
.. 6	4,500 00	6,000 00	.. 22	6,200 00	400 00
.. 7	No Insurance.	No Loss.	.. 24	5,000 00	2,450 00
.. 10	2,000 00	5,000 00	.. 25	1,200 00	950 00
.. 11	No Insurance.	30 00	.. 26	3,000 00	1,600 00
.. 15	2,000 00	2,200 00	.. 28	No Insurance.	2,200 00
.. 16	2,500 00	100 00	.. 30	1,500 00	2,280 00
.. 17	54,000 00	34,100 00			
.. 19	500 00	15 00		2,015,960 00	1,967,699 00

The origin of the fires, according to the classification of the commissioners' report, were :—supposed to be by incendiaries, 43—supposed to be by design, 7—accidental, 23—cause unknown, 2—by an incendiary, 1—by sparks from chimneys, 3—defect in chimneys, 3—sparks from forge, 2—lighted lamp, 1—locofoco matches, 3—lighted candle, 1—spirit lamp, 1—defect in fire place, 1—cause not ascertained, 2—from stove pipe, 1—sparks from candle, 1—slack lime, 1.

Description of buildings in which fire originated.—Frame buildings, 43—brick, 34—stone, 3—brick fronts, 5—fire proof, 13.

ART. VI.—MERCANTILE BIOGRAPHY—JAMES LLOYD.

THE HONORABLE JAMES LLOYD, an eminent merchant for twenty-five years, in the latter part of the last century and the beginning of the present, and a distinguished politician for twenty years, was the son of James Lloyd, M. D., a highly respectable physician of Boston. Dr. Lloyd was of the old school in his manners and costume, and in his deportment displayed something more of formality than one now witnesses, except in a very few in advanced life, who still linger amongst us. There was more of dignity as well as of decorum in his behavior, and more respect manifested towards others, than at present prevails in society. He was also one of the most skilful physicians of his time, and might be ranked with Bulfinch, Rand, Danforth, Tufts, Warren, and Brooks.

The son was educated in the University at Cambridge, near Boston, and received his first degree in 1787, with the reputation of a good classical and belles lettres scholar. He devoted a due portion of his time in the University, to the study of mathematics and geography; and attended more to history, probably, than most of the students of that period. I am not able to say what attention he paid to logic, farther than the regular studies in the University required; and yet it may be justly concluded he studied logic, as well as rhetoric, for his writings and public speeches were argumentative, lucid, and discovered very discriminating powers of mind. His conduct, while at the University, was highly honorable in a young man, and he early manifested a correct moral sense in all his intercourse with his fellow students. He was a model in this respect. I was three years at the University with Mr. Lloyd, though not of the same class. He was gentlemanly in his manners, even at the age of eighteen, and though pleasant and very companionable, there was nothing in his conduct which might be justly denominated boyish, or offensive to strict decorum. Indeed, he was a gentleman when he entered the University, at the age of fourteen, and he was free from the common eccentricities of youth.

On inquiry of a classmate of Mr. Lloyd, he wrote me as follows: "He entered college when quite young. My impression is, that he was a classical and belles lettres scholar, was studious, and made good proficiency in the various branches of education then constituting the academic course. He maintained a respectable rank in the class, was a young man of courteous manners, pleasant and amiable, and I believe his conduct was always honorable."

Soon after he left the University, he entered the store of Thomas Russell, Esq., one of the first merchants in Boston, as to character, property, and commercial enterprise. Mr. Russell was then engaged more extensively in commerce than any one of that enterprising city, and his counting room was an excellent school for one intending to engage in mercantile pursuits. It afforded rare opportunities for becoming an intelligent merchant; and young Lloyd had a laudable degree of ambition to be distinguished, or thoroughly acquainted, in the profession which he had chosen. It is understood, that he read much during the time he was in Mr. Russell's store, though he attended diligently to the detail, or the practical part of the business. He continued about two years with that eminent merchant; and must have acquired extensive and correct information as to mercantile law, and the customs of merchants in other countries. In all professions, it is important to unite theory with practice; one may not justly expect to be eminent or successful without it. There are certain principles which regulate mercantile and commercial pursuits, and by which they are regulated; but these are of a general nature, and good judgment and experience are still necessary to success in such enterprises.

Every successful manufacturer, every fortunate adventurer, every rich trader, is not justly entitled to the appellation of an intelligent merchant. A trader in one of the seaports in Massachusetts, but very ignorant, sent *warming pans* to the West Indies, a few years ago, and, strange to relate, he made a good voyage. They were bought at a great advance on their cost, to dip up molasses! He shipped them by the advice of some one who meant to hoax the simple owner. But the article produced a larger profit than would have arisen from fish, or any other commodity sent from the place, at that time. On leaving the store of Mr. Russell, Mr. Lloyd went to the north of Europe, and visited various places in that quarter of the world; and thus acquired much personal knowledge respecting the trade and commerce of the old continent. When he returned to Boston, he engaged in business as a merchant; and was alike intelligent and devoted in the profession.

On several occasions, he was interested in foreign voyages with the Messrs. Perkins, the most eminent and enterprising merchants of that city in 1793, and for many following years. He was not one of that company, but joined them at different times, when large capital was necessary to be employed.

If Mr. Lloyd was distinguished for correct and extensive views on commercial subjects, he was no less so for probity and punctuality in his dealings. All who transacted business with him, all who knew his character, had perfect confidence in his promises, and relied on a prompt fulfilment of them. And surely this is a most important trait of character in a merchant: but the mere speculator or adventurer is seldom able to meet his engagements with punctuality, even if he intended it when he promised; and a truly honest man will be cautious in making promises which he is not sure of being able to perform.

Such was the character of Mr. Lloyd for information and uprightness, that he was selected for a representative in the legislature of Massachusetts, at the age of thirty-five; and this was not common thirty or forty years ago, when Boston had only eight members, and those men of talents, good judgment, and great weight of character. Mr. Lloyd was

several years in the house, and afterwards in the senate of Massachusetts. He had great influence in the legislature, arising as well from his industry and impartiality, as from his talents and information. He was firm and decided in his opinions, and at the same time entirely free from mere party views and feelings. His speeches on important occasions—for though able in debate he was not a great talker—were argumentative, pertinent, and commanded the admiration of his political opponents. The statute of Massachusetts, relating to days of grace on bills of exchange and promissory notes, was introduced and supported by him. In 1808, on the resignation of Mr. Adams, then a senator in congress from the state, Mr. Lloyd was appointed to that important and elevated station. He remained in the United States senate several years, and after having resigned his seat in that august body, on account of the feeble state of his health, he was again, at a little later period, elected a federal senator for Massachusetts. And during the whole period of his service in congress, he was faithful to the interests and rights of the state, an able defender of the honor and independence of the nation, and eminently useful, by his intelligence and industry, in legislating both on subjects of commerce and of finance. Indeed, no member of the national legislature had more influence than Mr. Lloyd, or used it with more discretion and judgment. His knowledge and experience as a merchant qualified him to judge correctly as to the effect of any commercial regulations proposed to be adopted by the federal government, and to point out the operation of treaties on commerce and navigation with the maritime countries of Europe? His opinions were of great importance in fixing the duties on foreign imports and tonnage, with reference to the prosperity of our own trade and navigation, and to the advancement of domestic manufactures. He was a friend to the latter, but did not fully approve of the tariff of duties as fixed in 1828. It was his apprehension that the duties were excessive, and would operate unfavorably on the navigation of the country. Of the encouragement given by congress to manufactures, in 1816, he fully approved, and acquiesced in, rather than advocated, the tariff of 1824. Next to agriculture, as the foundation necessary for general prosperity in a country like the United States, he deemed commerce highly useful, if not absolutely necessary, and he was sensible of the attachment of a great portion of the citizens in the Atlantic states to commercial pursuits. Far from opposing, he rejoiced to perceive that manufactures were increasing; he only desired that no unequal protection should be given, lest foreign trade and commerce should consequently decline.

Mr. Lloyd advocated with much ability and zeal the resolution before the senate, in 1822, for the distribution of the public lands among the several states, for the purposes of education. He was decidedly of opinion that the old or original states should receive an equal share in the funds accruing from the sales of lands in the new states, after the public debt should be paid. They were ceded by different states for the benefit of the whole union, and after the general debt should be extinguished, it was but just that the proceeds of their sale should be divided among the several states, for their respective appropriation, whether for internal improvements, for education, or other purposes.

At an early period of the federal government, in 1798, though a young man, Mr. Lloyd was a warm advocate for the navy; and while a

member of the national legislature, he was explicit and active, on all proper occasions, for its support and increase; and he considered the responsibility and efficiency of a navy to be identified with a prosperous state of navigation. Frequently, he was one of the committee of the senate on the increase of the navy, and for the general naval concerns of the United States. As a debater, also, there were very few superior to Mr. Lloyd in the senate. He was master of the subject which he undertook to defend and support, and his speeches were clear, argumentative, pertinent, and usually powerful and eloquent.

Mr. Lloyd was candid in his opinions, and courteous and conciliatory in his deportment towards political opponents. General Smith, of Maryland, and others, often bore public testimony to his impartiality and magnanimity as a politician, and they always listened to his statements and speeches with great attention. Yet Mr. Lloyd was far from being a temporizer in politics. He openly avowed his opinions, and firmly adhered to them, having formed them after due inquiry and consideration. And with all his courtesy, he had a very high sense of honor, and would not receive insult from any one, unrebuked or unnoticed. On one occasion, when a member of the senate was disposed to make trial of Mr. Lloyd's courage, or to deter him from the full expression of his sentiments on an exciting political question, he replied with proper resentment, but with equal firmness, and satisfied his opponent that he was not to be frightened from his purpose by violence or abuse; and with all honorable men his conduct was approved and applauded.

Mr. Lloyd was a member of the senate of the United States when war was declared in 1812; but he did not approve of that measure. Indeed, it was adopted by a small majority of the senate. Mr. Lloyd was of opinion, that the disputes between the United States and England could be better adjusted by negotiation than by an appeal to arms.

A part of the war Mr. Lloyd was a member of the executive council of Massachusetts, Governor Strong being then in the chair; and he approved of all the leading measures of that distinguished magistrate. Of the Hartford convention he had some doubts, as to its policy or expediency, but none at all of its abstract right, or consistency with a deep reverence for the constitution, and an equally high conviction of the duty of preserving the union. He supposed that it might afford occasion with some to pretend that the eastern states were in favor of a separation, and of their attachment to Great Britain—precisely the objections and charges made against that convention. It was his opinion that there was no such design, either in the members of that convention, or in their constituents. The result he considered moderate and wise, showing a supreme regard for the welfare and prosperity of the whole people of the United States, and manifesting the most ardent desire to preserve the union. Several of the members of that convention were intimate personal and political friends, in whose wisdom and patriotism he had the most perfect confidence.

When President Madison intimated, in a public message, that he feared some citizens were plotting against the union, in 1812, a resolution was passed in the senate of the United States, at the instance of Mr. Lloyd, requesting the evidence of such a plot, and the names of the persons who were concerned in it. Mr. Madison replied, that he had

no proof, and that no particular persons had been named as having such a design.

Mr. Lloyd was again appointed senator in congress from Massachusetts some years after the war, and continued until the state of his health obliged him to retire from public life. His former high reputation for intelligence, judgment, and patriotism, was not at all abated. His attention to public business was unremitting, and his wise counsels were not given without effect. In 1822-3, he devoted himself to explain and urge the claim of Massachusetts on the federal government for remuneration on account of the expenses of the militia in the war of 1812-15; and it is understood that he made a strong impression on the mind of President Monroe in favor of the equity of a reimbursement.

In his domestic relations, and in the circle of his friends, Mr. Lloyd was fitted to receive and to communicate happiness. The lady of his choice united intelligence with gentleness and delicacy of manners in a remarkable degree. She justly appreciated his worth, she could best approve his discriminating taste, nor be unaware of his high and honorable character in the estimation of his fellow citizens. On account of feeble health for several years of his life, Mr. Lloyd mixed less frequently than most others, of his property and standing, in large companies. But he administered "the rights of hospitality" to his visitors with much apparent cordiality, and with great felicity of manner. Some young persons of the present time might charge him with a degree of formality in his deportment: he was indeed precise, and always consulted decorum and propriety; or, perhaps, it might be more justly said, that they were habitual to his character from his early years. But his demeanor was not, therefore, unpleasant to his friends, who, with his peculiarly urbane and gentlemanly manners, never felt unduly restrained at his table or in his company.

The character and political opinions of the patriots of the Revolution, had the respect and admiration of Mr. Lloyd. His father had been friendly to the parent government in 1775, but not one of those who left their native country to put himself under the protection of the king. His submission to the British government was like that of many other aged men in that trying period, who, though friends of civil liberty, feared a more oppressive exercise of power over them if they were unsuccessful in their resistance, and of that there was some reason to fear. The aged, therefore, were generally disposed to submit; but the younger class, fortunately, had more resolution and more enthusiasm, and nobly resolved to resist or to perish. Mr. Lloyd early imbibed the principles and sentiments of the whigs of 1775, and, in theory and sincerity, was a true republican. But he was too wise to be a leveller, too great a friend to true liberty to be a radical, and had too much self-respect to flatter the ignorant for the sake of popularity. Mr. Lloyd passed several of the last years of his life in Philadelphia, where he had many valued friends, and died in New York in April, 1831, where he went to reside for a short time. Though he retired from the concerns of public life, his death was extensively and deeply lamented, and his memory is still cherished in many hearts with sentiments of high regard.

ART. VII.—POST-OFFICE REFORM—CHEAP POSTAGE.

THE readers of this Magazine are well aware, that Sir Rowland Hill has presented to the people and government of Great Britain a plan, by which he proposes to reduce the postage of letters in that kingdom, to the uniform price of *one penny*. The commissioners of the post-office having considered his proposition, and being satisfied that a reduction of postage could be safely made, have already commenced the preparatory arrangements to carry it into effect. As an experiment, they have reduced the postage of single letters to all parts of the United Kingdom to the low price of *four pence*.

The people of the United States, always ready to adopt measures of economic reform, and eager to open every avenue for the cheap and rapid diffusion of useful knowledge, have taken up the subject of cheap postage, and presented petitions to congress to abolish the franking privilege, and to reduce the present rates of postage. The public press has discussed this subject, and urged upon the representatives of the people the importance of immediate action. It was generally supposed that a subject of such vital interest to all classes of the people, and on which they had expressed so strong and decided an opinion in its favor, would have induced the post-master general to notice it in his annual report to the president, and recommend immediate measures to reform the present unequal and burdensome monopoly. But in this expectation they have been disappointed. This important subject is disposed of in the following summary manner :

“The radical change in the rates of postage on letters, recently adopted in Great Britain, has attracted much attention in the United States. To enable me to furnish congress with information on that subject, and all others connected with the post establishments in several of the most considerable European countries, I have dispatched one of the special agents of this department to Europe, with instructions to visit them in person, and furnish me with minute details of their organization and operations. Many documents, and some interesting particulars, have been received from him, but he has not yet been able to prepare himself to make a detailed report. As soon as such report shall be received, it is intended to submit to congress all the information it may contain, for their consideration.”

On this paragraph of the report we are constrained to offer a few remarks. First, we consider it an unnecessary waste of time and money to send out a “special agent” to make inquiries on this subject. All the necessary information could have been obtained equally as well from our highly intelligent ministers at London, Madrid, Paris, Vienna, and Berlin. The books already published, and the manner in which the business of the London post-office is conducted in all its ramifications, could have been procured and forwarded to the post-master general without any delay or expense. And as there are no “state secrets” connected with the cheap system of postage, all the particulars and details could have been given to Mr. Stevenson without the least hesitation. But secondly, admitting that it was necessary to send out a special agent, we would ask, what has he been doing for *nine months*, that “he has not yet been able to prepare himself to make a detailed report?” This “special agent”

left New York, in the Great Western, last June; still he has not given sufficient information to enable the post-master general to report on this interesting subject!

The cheap postage system has been in operation in England several months, and even despotic, sluggish Austria, has followed the example; and yet the energetic and industrious Mr. Kendall has not moved one step in the matter except to send out a special agent, who, after a nine months' laborious research, has not been able to understand the system so as to make a "full report." Even the political opponents of Mr. Kendall have heretofore been disposed to allow him business talents of a high order, and his friends have confidently believed that he would eagerly seize the opportunity of introducing a reform in the rates of postage; but alas, he has, at least in this instance, disappointed both his friends and opponents.

It is not our intention in this article to complain of Mr. Kendall, or his "special agent," but to show the absolute necessity of adopting immediately a cheap and more equal system of postage, and eventually a total reform in the post-office department—a reform which is necessary to make it more congenial to the spirit of our institutions, and the advancing knowledge and improvements of the age in which we live.

The post-office department in this country has never been looked to as a source of revenue, except during the last contest with Great Britain. Then the rates of postage were increased to raise a revenue to enable us to bear the expenses of the war; but as soon as it was ended, the postage was again reduced. All that has been required from the post-office is, that it should support itself. This it has always done, even when the revenue did not amount to a tenth of what it now is, and notwithstanding the immense increase of revenue, there has been no reduction in the rates of postage for the last twenty-five years. The business of the department has been so managed, that all its revenue has been more than expended, and according to the last report of the post-master general, the expenditures of 1838 were \$4,621,837 16, being \$386,759 19 more than the income, and the last year the "engagements and liabilities of the department were \$4,624,117 86, being an excess of engagements and liabilities \$147,479 30!" How is this! Surely the public interest cannot require such expensive outlays upon post routes that yield little or no revenue, and which can be of little use to the wildernesses through which they pass. Judging of the future from the past, should the revenue from postages amount to ten millions instead of five millions of dollars, the whole will be expended in affording "mail facilities" to those portions of the country where little or no revenue is derived, at the expense of the denser and more populous sections of the union. Let us be understood in this matter. We have no objection, while the present system exists, that congress should establish post routes through every portion of our territory, and even beyond the Rocky Mountains, but we do solemnly protest against compelling one portion of the community to bear this expense for the benefit of the other.

It is possible that one reason why Mr. Kendall did not recommend in his report the immediate reduction of postages, is that his department is now in debt! Three years since, he stated that he would have a surplus of fourteen hundred thousand dollars, after paying the debts in-

curred under the lamented Barry's administration, and yet in the years 1838-9, the expenses of the department exceeded the income upwards of *half a million of dollars!* If poverty was the cause of his not recommending the measure, he should have said so, and not give this important subject the go-by, with merely stating that he had not heard from his agent. England, with her heavy national debt and enormous governmental expenses, is obliged to look to the post-office for a portion of revenue to meet these demands; still, with a promptitude that does the lords commissioners infinite credit, they have reduced the postage to a cheap and equal rate throughout the United Kingdom. Why, then, should Mr. Kendall hesitate to recommend a measure which is fraught with so many advantages to our rising country, even if it should require appropriations from congress to carry it into effect.

But we contend that a cheap system of postage may be advantageously adopted in this country without any aid from congress, if equal and exact justice is done to all the parties concerned. For example, in the first place, let the *franking privilege be wholly abolished*, so that no person may send or receive letters or papers without paying postage. Now, all the departments of government, each member of congress, and every post-master in the United States, enjoys the franking privilege; and it is well known that whatever legal restrictions may be imposed against its abuse, they are too frequently disregarded. On the departments of government, there is no legal restriction whatever, they send by mail as much as they please. Some members of congress send cart loads of documents daily; and during the session of congress the mails are loaded down with speeches that are never read, and documents which remain unopened. Post-masters send myriads of letters daily on their own private business, and hundreds take the office solely on account of the franking privilege. Abolish this privilege, and the expense of transporting the mails would be so reduced, and the revenue so much increased, that a reduction of fifty per cent. in the rates of postage might be made immediately. There is no justice whatever in requiring the people to pay the postage of the departments, members of congress, and post-masters.

It may be objected, that members of congress would be heavily taxed by their constituents, were they obliged to pay postage for all the letters sent to them. It would be no more burdensome to them than it now is to the members of the state legislature. When their constituents write them on their own business, they know it is their duty to pay the postage; so would it likewise be as it respects members of congress. Or if it was deemed necessary, the congressional post-office might open an account with each member, and the amount at the close of the session be paid from the treasury in the same manner as their other expenses are now paid. A proposition to abolish the franking privilege will no doubt be unpopular with all who are interested in its continuance, and from such no favor is to be expected. Nevertheless, the rights of the whole people are paramount to the interests of a comparatively few individuals, and must and will be eventually respected by every friend of his country.

In the second place, we maintain, that the adoption of a cheaper system would, instead of decreasing, greatly increase the revenue of the post-office department. The present heavy tax upon letters is a serious interruption to that friendly intercourse which would be kept up between absent friends, many of whom are unable to bear the expense, and others

are unwilling. Besides, there are myriads of letters now sent by private conveyance, which, if the postage was reduced, would be sent by mail. Not a steam-boat leaves the wharf, nor a mail-stage the tavern, but takes with them hundreds of letters, in order to save the expense of postage. But if the postage was reduced, there is hardly an individual, certainly not a man in business, but would prefer sending his letters by mail, rather than give his friend or acquaintance the trouble of carrying them. Hence, this unequal and burdensome tax excludes daily from the post-office thousands and tens of thousands of letters, which, under a cheaper and more equal system, would be sent by the mails, and thus contribute to swell the revenue of the department. We might enlarge upon this subject, but these suggestions are deemed sufficient to show the practicability of reducing the rates of postage to a much lower rate than they now are.

We have said that it was our object also to show the necessity of a total reform in the post-office department. This we shall endeavor to do in as few words as possible.

1. The present rates of postage should be changed because of their *inequality*. Let us take the following for an example:—The postage on a single letter to Philadelphia is twelve and a half cents, and eighteen and three quarters cents to Baltimore, Providence, and Boston. This is a heavy tax upon the citizens and merchants of those cities, between whom there is an uninterrupted daily correspondence. There is no fairness in making our citizens pay twelve and a half cents for 80 miles, and only twenty-five cents for 2,000 miles! The conveyance of a letter 80 miles cannot cost *half* as much as to carry it 2,000 miles, and, consequently, there can be no justice in requiring us to pay that sum. Why should those who send letters only a short distance, be obliged to pay for those who send their letters to a greater distance? This inequality in the postage of letters should be corrected, even if the rates are not reduced.

There is likewise an inequality in the rates of newspaper and pamphlet postage, which should be corrected. A newspaper, no matter how large the sheet, pays only one and a half cents to any portion of the Union, and the same is charged for the smallest. The mammoth sheet of the papers called the "*New World*," and "*Brother Jonathan*," pay no more than the daily "*Sun*," or "*Whig*," which are not one fourth of their size. Again, should either of those sheets be printed in pamphlet form, and stitched, it would be charged *two and a half cents* as a magazine, and if the same sheet should be issued as an occasional pamphlet it would be charged *six cents*! Is not this an unequal tax upon knowledge, which should be immediately corrected? What good reason can be urged, that a small sheet should pay as much postage as one that is four times heavier and larger; or that because a sheet is folded and stitched, it should therefore pay double and quadruple another that is not? Equity demands a reform in the rates of postage, and he who takes the lead in this salutary measure will deserve well of his country.

2. The *monopoly* character of our post-office system renders it peculiarly obnoxious to animadversion, being wholly at war with the spirit of our free institutions. The post-office department has the sole and exclusive control of transporting letters and papers, and no individual or company is permitted to come into competition with its operations,

without incurring heavy penalties. Were it not for this prohibition, letters might be sent to Philadelphia, Baltimore, and Boston, and other cities of the Atlantic coast, for one fourth of what it now costs, and with equal if not greater expedition and security. If this business was left free to individuals or companies, instead of the government, they could be made responsible for the safe transportation and delivery of letters containing money. The post-office department charges an additional sum for letters containing enclosures, but gives no additional security for their safe delivery; whereas, if the business was thrown open, and others might engage in this business, ample and satisfactory security could be obtained for a safe and expeditious delivery of letters with their contents.

We might here ask, why should the government assume the exclusive right of transporting our letters and papers any more than our persons and articles of trade? With equal propriety might they claim the right of transporting all goods, wares, and merchandise, from city to city, to the exclusion of every other person from engaging in the business, and then charge such rates as they might think proper. There is no one but would instantly exclaim against the injustice and oppression of such an odious monopoly, and yet this monopoly, in relation to the transmission of letters and papers, is submitted to without a murmur, merely because we have been so long accustomed to it.

To many of our readers it may appear strange and heretical doctrine to suggest the idea that we could do as well or better without what is called "the post-office department." Let us suppose, for example, that the clause, giving congress the power "to *establish post-offices and post-roads*," was struck from the constitution; is any one weak enough to believe that the activity of commerce would not soon supply another system equally as efficient and useful? In the language of an eloquent and powerful writer, who has the honor of first starting the idea of a *free trade post-office*, "modes of conveyance would be instituted at once; they would speedily be improved by rival efforts of competition, and would keep pace step by step with the public demand. It may be said that the places far inland and thinly inhabited would suffer by the arrangement. The solitary squatter in the wilderness might not, it is true, hear the forest echoes daily awakened by the postman's horn, and his annual letter might reach him charged with a greater expense than he is now required to pay. But there is no place on the map which would not be supplied with mail facilities by paying a just equivalent; and if they are now supplied for less, it is because the burden of post-office taxation is imposed with disproportional weight on the populous sections of the land. But there is no reason why the east should pay the expense of threading with the mail the thick wildernesses of the west, or of wading with it through the swamps and morasses of the south. This is a violation of the plainest principles of equal rights."

3. The present organization of the post-office department is liable to great abuses, inasmuch as it places in the hands of one individual an immense and dangerous patronage, which may be wielded against the true interests of the people. Under the present system, there are upwards of thirteen thousand post-masters, holding their appointments directly from one man, and removable at his pleasure. Nearly two thousand mail contractors are brought into immediate contact with the head of the de-

partment, and by whose decisions alone contracts are made and fines levied for delinquencies. This numerous army of postmasters and contractors have a multitude of subordinates under their control, and if we include the clerks, carriers, and various other persons more or less dependent for support on this enormous system, it will probably yield an aggregate of not much less than half a million of persons under the immediate direction, to some extent, of a single individual. Will it not be perceived at a single glance that this monstrous power is at all times susceptible of being exerted with the most dangerous effect for the advancement of objects hostile to the true interests of the people?

To use the language of the powerful writer above mentioned, "it is not only the vast means of undue influence which the present system gives to a single federal officer, in enabling him, to some extent, directly to control the suffrages of a numerous body of organized dependents, but the facilities it furnishes for a rapid and simultaneous diffusion of political intelligence which it may be desired to circulate, for the obstruction of that of a contrary tenor, and for the exercise of all the arts of political espionage, also render the post-office, as a branch of government, a dangerous institution. If this is a danger not necessary to be incurred, if the duties which it performs are a matter of trade which might safely be left to the laws of trade, and if the transmission of our letters and newspapers, from place to place, might be submitted with salutary results to the operations of the same principles which now secure the carrying of our merchandise and our persons, there are many who will readily admit that the free trade system, as tending to simplify the offices of government and restraining its powers, would be better than one of political regulation. We are ourselves strongly inclined to the belief, that if the clause in the federal charter which gives to congress the control of the post-office had never been inserted, a better system would have grown up under the mere laws of trade. The present system, let it be conducted as it may, can never, in the nature of things, be wholly free from political abuses, and is always in danger of being converted into a mere political machine. The abuses which are its inevitable attendants will necessarily increase from year to year, as the population swells in numbers and spreads over a wider surface. It must always be managed by political intermediaries and rapacious subordinates, be attended with a vast amount of unnecessary expense, and this expense must be drawn from the people by a method of taxation in utter violation of their equal rights. It is a government machine, cumbrous, expensive, and unwieldy, and liable to be perverted to the worst uses."*

B. B.

PUNCTUALITY.—Sell to a man who is punctual in his payments at a less profit than to him who is not. One dollar sure is better than two doubtful, and it will avail you more in an emergency. The way to get credit is to be punctual; the way to preserve it is not to use it too much. Settle often—have short accounts. Trust no strangers;—your goods are better than doubtful charges.—*Foster.*

* The late William Leggett.

ART. VIII.—MERCANTILE LAW REPORTS.

FORFEITURE OF GOODS.—BRUSSELS AND WILTON RUGS.—SILK TWIST—
SEWING SILK.—WORSTED CRAVATS.

IMPORT DUTIES.—Many important cases have been decided during the past year, which have a bearing upon the existing tariff. The cases which follow were reported for the Merchant's Magazine, and may be implicitly relied upon for their correctness and fidelity.

FORFEITURE OF GOODS.

1. *In the United States District Court, before Judge Betts, February 12, 1840. The United States v. Ten Cases of Merchandise. Hadden & Co., claimants.*

This was an information for the forfeiture of the goods under the three clauses of the penal part of the 14th section of the act of July, 1832. It contained three counts: 1. That the goods on inspection did not correspond with the entry. 2. That the package contained articles not mentioned in the entry, inasmuch as none of the goods in the package were specified in the entry. 3. That the package and invoice were made up with intent to evade or defraud the revenue.

The entry and invoice produced upon the entry were read, in which the goods were described as worsted shawls; also the letter of the shippers to the claimants was produced by them and read on the part of the United States, stating, that in great confidence of the integrity and high standing of the claimants, the shippers had opened a business with them, by the consignment of ten cases worsted shawls, and a case of printed cotton handkerchiefs.

The evidence for the prosecution farther showed, that upon inspection the goods were shawls composed of cotton and worsted; all the goods were of the same kind; and the materials were palpably to be discovered, and nothing in the way of concealment appeared.

The Court then suggested, that as it had been decided by the Circuit Court that the act of congress did not contain words imposing any forfeiture for the goods not corresponding with the entry, (owing apparently to the accidental omission of words of forfeiting in the law,) there need be no discussion as to the first count, seeking the forfeiture on that ground. The claimants' counsel offered to waive any objection on this ground, and asking to have that question tried, as they were prepared to show that the goods were invoiced and entered under their usual and appropriate name in trade. They were therefore desirous in the present suit to have the law pronounced, that in case of the non-correspondence alleged, the goods were forfeited; but the Court said, that it was not at liberty to lay down law by consent contrary to the decision by which the Court was bound.

The claimants' counsel then contended, that under the second count, charging that the package contained articles not in the entry, reference was had not to a misdescription of the whole contents of the package, but to an omission of some part of the contents in the entry; that a

misdescription of the whole was the case intended in the first clause of the statute, and therefore was not included in the second. The district attorney insisted, that the misdescription of one article in a case was within the act, and much more a misdescription of every article.

The Court ruled, that the act of 1832, in question, is to be construed in connexion with the act of 1830, of which it is emendatory. By the act of 1830 the omission of an article in the package from the entry, subjected the whole package to forfeiture; by the act of 1832 this was repealed, and the omission of an article only subjected that article to forfeiture; clearly showing that a forfeiture of the whole package was not intended by this clause of the act, but to have been contemplated in the first clause; and as the proposition in the present case was to forfeit every article, in other words, the whole package, not for any omission of a part, but a misdescription of the whole, the forfeiture could not be claimed under the second clause of the statute; and, therefore, that the second count of the information might be laid out of view.

The district attorney then claimed that the evidence was sufficient, unless contradicted, to claim a forfeiture under the third count, charging the invoice to be made up with intent to evade or defraud the revenue; since by the description in the invoice the goods would have passed free, while in fact they were liable to a duty of 25 per cent. The claimants' counsel insisted, that under this third clause of the statute, the information was too vague and uncertain to allow of a forfeiture, since it did not show in what the intent to evade or defraud existed, nor by what means it was attempted. They also contended, that under the third clause of the act, the United States could not claim a forfeiture for the same faults as were embraced under the first or second clauses, by merely showing the intent in addition; since the two first clauses embraced the cases whether the intent were fraudulent or not.

The Court. This third count alleges the offence in the words of the law, and that, in form, is sufficient.

It is not clear, nor is the Court of opinion, that if the case fall within the second clause, and an article in a package had been omitted from the entry, appearing to have been thus omitted through a fraudulent intent, it would not create a forfeiture under this third clause of the act and this count of the information grounded on it. The Court considers, that if such omission were accompanied with circumstances of concealment, or other matters, showing the package or invoice made up fraudulently, it would under this third clause forfeit the whole package.

But here it is not the case of any omission; it is a description of the whole package; all the goods are entered, but, as is alleged, under a wrong description. This is not the offence contemplated in the second clause, nor is it punished with forfeiture in the first; and this misdescription, therefore, is not of itself competent evidence, without other proof of circumstances of concealment or art to disguise, from which the jury can legally infer fraud.

The Court, therefore, directed the jury that the evidence was not competent to warrant a conviction under the count charging fraudulent intent, and the jury acquitted the goods.

The district attorney made a bill of exceptions to the several decisions.

B. F. Butler, district attorney. D. Lord, jr., W. Q. Morton, and A. Hamilton, for claimants.

BRUSSELS AND WILTON RUGS.

2. *In the Circuit Court of the United States, before Judge Betts, January 23, 1840. David Hadden and others v. Hoyt.*

The plaintiffs had, during 1838 and 1839, imported various parcels of Brussels and Wilton rugs. The defendant, collector of the customs at New York, had exacted duties upon these importations at the rate of 50 per cent. *ad valorem* as manufactures of wool. The plaintiffs insisted that they were an article not enumerated in the act of 1816, (3 Story, 1587,) and therefore by it charged with 15 per cent. *ad valorem*, and so, under the act of 1832, (4 Story, 2322,) rendered free. The defendant contended that they were subject to duty as a manufacture of wool, or as carpets or carpeting, under the act of 1832.

The plaintiffs proved the payment of the duties under protest against the rate exacted, and that the articles were rugs, composed of linen and worsted, without any wool.

It appeared that the article was usually manufactured by carpet manufacturers, although in some instances by manufacturers of this article only ; that it was made in the same manner as carpets, only the patterns were different, having a border all around the piece laid out for a single rug ; that in the piece they were woven with selvages between every length of a rug, which selvages had not the raised figure or filling, and were so left to separate the pieces, and sometimes to have a fringe sewed on ; that a piece woven for rugs would not serve for a carpet, both by reason of the figure and the selvages ; that in the trade, rugs were not known as carpets or carpeting, but bore a distinct name and had a particular use ; that in trade, carpets were pieces of carpeting woven so as to form a pattern for a room or space of given dimensions, sometimes made up by sewing, sometimes woven in its shape, — carpeting was the cloth woven for carpets in the piece, and to be made into carpets of any size. The witnesses stated that under an order for carpets or carpeting they would not expect, accept, or furnish rugs, nor *vice versa*. That carpets were sometimes cut in pieces, and had fringes sewed around, when they were sold and called rugs, but they were not imported in this manner.

The district attorney conceded that upon the evidence the jury must find that the articles in question were not carpets or carpeting, nor chargeable with duty as a manufacture of wool. But he insisted that they were a manufacture of which flax was a component part, and so liable, under the act of 1824, (3 Story, 1943,) to a duty of 20 per cent. *ad valorem*, reduced by the 2d section of the act of 1832 to 15 per cent. *ad valorem*.

The Court was of this opinion, and so charged the jury.

Verdict for the plaintiffs, \$1,436 64. D. Lord, jr., for plaintiffs. B. F. Butler, district attorney, for defendants.

SILK TWIST—SEWING SILK.

3. *In the Circuit Court of the United States, before Judge Betts, January 22, 1840. S. and F. Dorr & Co. v. Hoyt.*

The defendant, collector of the customs at New York, had exacted from the plaintiffs duties at the rate of 40 per cent. upon silk twist, imported by the plaintiffs during the year 1839, insisting on the right to duty as on sewing silk. The plaintiffs paid the duty, protesting against the right to exact any duty, and brought this suit to recover back the duty.

The plaintiffs insisted that the twist was a manufacture of silk, and as such, made free by the 4th section of the act of March 2, 1832, (4 Story, 2338.) The plaintiffs proved that the article in question was known in trade, among importers, dealers, and consumers, as twist, and not as sewing silk; that although made wholly of silk, and used only for sewing, yet it was a different article from sewing silk, and they could not both be used for the same purposes.

The Court charged, that if the article was known in commerce as sewing silk, then the verdict must be for the defendant; but if not, then, as it was a manufacture of silk, it was free. That it was for them to determine whether the article was known in commerce under the name of sewing silk or not. If it was not, then, although it was composed of silk and used for sewing, it was free.

The jury found for the plaintiffs.

D. Lord, jr., for plaintiffs. B. F. Butler, district attorney, for defendant.

WORSTED CRAVATS.

4. *Circuit Court of the United States, Judge Betts presiding, January 22, 1840. S. & F. Dorr & Co. v. Hoyt.*

This was an action for money had and received by the defendant, collector of the customs at New York, and paid to him by the plaintiffs, as duties on certain importations of *worsted cravats*; the duties had been exacted and paid at the rate of 50 per cent. *ad valorem*, classing the goods as *a manufacture of wool*, or as *ready-made clothing*, under the act of July 14, 1832, section 2, class 2.

The plaintiffs claimed them to be free; being, under the act of 1816, a non-enumerated article, subject to a duty of 15 per cent., and, consequently, by act of 1832, (4 Story, 2322,) section 2, rendered free of duty.

The goods were proved to be worsted, and woven on the stocking frame, and were dealt in principally by dealers in hosiery.

The counsel of the defendant proved that the goods usually went in commerce by the name or class of hosiery. He admitted that they were not subject to the duty of 50 per cent., as ready-made clothing, or manufactures of wool, but insisted that they were not free of duty, but were chargeable with the duty on hosiery.

The counsel of the claimants assented to these views.

The Court charged, that the goods were liable to duty as hosiery, and that the excess over the hosiery duty must be found for the plaintiffs.

Verdict for plaintiffs, \$1,321.

D. Lord, jr., for plaintiffs. B. F. Butler, district attorney, for defendant.

Dividend List for 1840.—Under this title, Coolidge and Lambert, 57 Wall street, have published a sheet, giving the titles of the various bank, trust, insurance, rail-road, and miscellaneous stocks, the amount of capital, value of shares, dividend months, and the semi-annual dividends for 1838, 1839, and 1840. It is compiled by J. N. Williams, and must prove a valuable table of reference for those who buy or sell city stocks.

ART. IX.—THE BOOK TRADE.

1. *A Supplementary Catalogue of the Books belonging to the Mercantile Library Association; comprising all those added from July, 1837, to January, 1840.* New York. Printed for the Association.

THE catalogue to which this is supplementary was published in 1837, and is comprised in a volume of 312 octavo pages. In 1838 another supplement was published of 56 pages. At the first opening of the institution, the collection of books amounted to about seven hundred volumes, derived principally from personal donation. In 1821, the number had increased to one thousand. In 1826, to two thousand two hundred volumes. The library has steadily and rapidly increased, and now numbers about *twenty-two thousand volumes*. The arrangement of the present supplement differs in many particulars from that adopted in other catalogues of the library, inasmuch that preference is given to the alphabetical order in each division; and this, we are informed by the compiler, Mr. Delf, has been done, from a conviction that it offers to the readers, for whose use it is prepared, advantages over any arbitrary scientific classification, which, however useful to those advanced in knowledge, is obviously unfitted for others who are but entering its domain. The notes introduced by the editor for the purpose of attracting attention to neglected works, as well as to aid those who have given indications of a desire to cultivate a taste for other than the ephemeral productions of the day, are generally judiciously selected from reputable authorities. On the whole, the taste and industry displayed in the arrangement of the supplement, is creditable to the compiler.

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2. *Civil Office, and Political Ethics. Containing familiar Law relating to Husband and Wife, Parent and Child, Guardian and Ward, Wills, Executors and Administrators, Witnesses, Jurors, and Arbitrators. For the Use of Citizens and Schools.* By E. P. HURLBURT. New York: Taylor & Clement.

This appears to be a very accurate, useful work, and great praise is due to the author and the publishers for offering our "citizens and schools" this necessary knowledge, in a form at once concise and intelligible. The chapters on "The judicial powers of the United States," and on "The rights of citizens and inhabitants of the state of New York," are important to the merchant.

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3. *Civil Polity and Political Economy. For the Use of Schools and Academies.* By MARCIUS WILLSON. New York: Taylor & Clement.

This work presents, in a concise manner, the first principles of constitutional law and political economy. It should be studied in every school, and read by every citizen. The principles of civil polity and political economy are level to the capacities of youth, and therefore should be taught to youth. Our schools have too long neglected these necessary branches of a republican education.

COMMERCIAL REGULATIONS.

TARIFF OF TEXAS, AS MODIFIED BY THE SECOND CONGRESS.

Apples.....	25	Fruits—Apples and Peaches.....	25
Almonds, per lb.....	3	Raisins, per lb.....	1
Axes, Hoes, Ploughs, Harrows, &c., for purposes of husbandry.....	free	Filberts.....	3
Arms—Fire-arms and Ammunitions of War, of all descriptions.....	free	Figs.....	3
Bacon.....	free	Almonds.....	3
Bread Stuffs of all kinds.....	free	Peaches in spirits.....	25
Bale Rope.....	free	Farming Utensils.....	free
Barley and Corn, &c.....	free	Furniture of all classes.....	free
Beef, pickled.....	free	Groceries not enumerated under their respective heads.....	25
Butter, per lb.....	6½	Glass and Glass Ware.....	20
Beets.....	free	Hats, of all descriptions.....	25
Beans.....	free	Household furniture.....	free
Books and Stationery.....	free	Harness.....	free
Baggage in actual use.....	free	Iron, implements for purposes of hus- bandry.....	free
Boots and Shoes.....	25	Iron and Steel.....	free
Brass, all articles of which it forms a component part.....	20	“ Bar, per 100 lbs.....	free
Building Stone, Bricks, Slates and Tiles.....	free	All other articles of which Iron or Steel form a component part, not enumerated.....	20
Brushes of all kinds.....	30	Implements brought in by emigrants for their own use.....	free
Carts.....	free	Ivory.....	20
Corn.....	free	Jewellery.....	33½
Coffee.....	free	Liquors, see articles of Malts of all descriptions.....	free
Cinnamon, per lb.....	10	Liquors in bottles, per doz.....	2 00
Cloves.....	10	Linen, all articles of which it is a component part.....	25
Candles, Tallow.....	2	Leather, all articles of which it forms a component part.....	25
“ Spermaceti.....	3	Lumber.....	free
“ Wax.....	4	Molasses or Syrup, per gallon.....	5
Cotton, all articles of which it forms a component part.....	10	Mustard.....	25
Cotton Bagging.....	free	Medicines and Drugs of all descrip- tions.....	20
Clothing, wearing apparel in actual use.....	free	Munitions of war of all descriptions, and fire arms.....	free
Wearing apparel ready made, other- wise imported than for actual use.....	30	Machinery of all kinds.....	free
Copper, all articles of which it forms a component part.....	20	Nails and Screws, per 100 lbs.....	1 00
Carriages for pleasure.....	25	Oats.....	free
Drays.....	free	Onions.....	free
Cards for playing.....	50	Oils, salad.....	15
Coal.....	free	Spermaceti, Whale, Rape, and Lin seed.....	25
Corks, per lb.....	12½	Provisions, see article of.	
Combs, of all descriptions.....	25	Pork, pickled.....	free
Cordage.....	2	“ salted or smoked.....	free
Dry Goods—Wool, all articles of which it forms a component part.....	25	Potatoes.....	free
Drugs and Medicines of all descrip- tions.....	20	Pepper, per lb.....	5
Earthen Ware.....	20	Pickles.....	25
Fish—Cod per lb.....	1	Peaches.....	25
Mackerel, per bbl.....	1 50	“ preserved in spirits.....	25
Salmon.....	2 00	Pewter, all articles of which it forms a component part.....	20
Herrings.....	1 00	Paints of all descriptions.....	20
“ in boxes per 100 lbs.....	1 00	Paper.....	free
“ per 100 lbs.....	1 00	Rice.....	free
Shad, per bbl.....	1 50		
Flour.....	free		

Raisins, per lb.....	3	Tools of trade, in actual use.....	free
Rum, see Spirits.		Of all descriptions, for carpenters,	
Rope, bale and cordage, per lb.....	2	cabinet makers, joiners, and	
Sugar.....	free	black-smiths.....	15
Spices—Pimento.....	5	Tin, all articles of which it forms a	
Soap—yellow.....	4	component part.....	20
Other kinds.....	25	Tiles, for building.....	free
Salt.....	free	Tobacco—Segars, per 1000.....	2 50
Spirits—Brandy, 1st and 2d proof,		In any other form than in Segars	30
per gall.....	50	Vinegar.....	free
Spirits, 3d and 4th proof.....	62½	Wheat.....	free
Gin, same as Brandy.		Wines—Claret, per gallon.....	25
Rum, do.		Other red French.....	25
Whiskey 1st and 2d proof, per gall.	25	Oporto or Port.....	37½
3d and 4th.....	37½	French Wine.....	25
All other Spirits not enumerated, in-		Champaigne.....	1 00
cluding Cordials and Liquors of		In bottles, per doz.....	2 00
all kinds, will pay the same duty		Madeira, per gallon.....	75
as Brandy.		Teneriffe.....	37½
Silk, all articles of which it forms a		Spanish White.....	25
component part.....	30	Spanish Red.....	25
Syrup, per gallon.....	5	German Hock, Rhenish, &c....	50
Screws, per 100 lbs.....	1 00	Wines, all others in bottles, per doz	1 50
Stone, for building.....	free	Wool, all articles of which it forms	
Slates.....	free	a component part.....	25
Seeds of all descriptions.....	free	Wagons.....	free
Salt Petre, per lb.....	6¼	Wares—Glass and Earthen.....	20
Tongues, neat, pickled and smoked,	free	All other articles not above enumerated	
Tea.....	free	shall pay a duty of 25 per cent. <i>ad valorem</i> .	

Masters of Vessels, and all persons concerned in the shipment of Goods, Wares, and Merchandise, are notified, that the rules and regulations of the Custom House in the United States will be adopted in this Republic, so far as applicability of the law and circumstances will permit. All the reports, therefore, presented to the office of the Custom House at Galveston, will be required to be made in due form. Business hours from 9 A. M. till 4 P. M., except on Sunday. G. BORDEN, Collector.

AN ACT, to amend an Act to raise a Revenue by Impost Duties. SEC. 1st. *Be it enacted by the Senate and House of Representatives of the Republic of Texas in Congress assembled*, that from and after the passage of this act, the following articles may be imported into this Republic free of duty, to wit: sugar, coffee, tea, salt, flour and all kinds of bread stuffs, pickled pork, bacon, iron and steel, household furniture, cotton bagging, bale rope, books and stationery, machinery of all kinds, wagons, carts, and harness, with farming utensils, lime and lumber, and implements brought in by emigrants for their own use.

SEC. 2d. *Be it farther enacted*, that from and after the passage of this act, on all dry goods manufactured of cotton, or of which cotton forms a component part, a duty of ten per cent. *ad valorem* shall be levied and collected: all other goods shall be subject to, and pay the duties laid down in the law passed 2d June, A. D. 1838:

DUTIES AT JAMAICA.

Provisions of the Foreign Duty Bill lately passed by the Colonial Legislature of Jamaica, on most of the Articles taxed. From the Cornwall Chronicle of December 14th, 1839.

For every article of wheat flour not weighing more than 196 lbs. nett weight.....	2s 6d
For every hundred weight of biscuit or bread.....	1 6
For every barrel of flour or meal, not weighing more than 196 lbs., not made from wheat.....	2 6
For every bushel of wheat, peas, rye, calavances, oats, or barley..	1 6
Rice, for every 112 lbs. weight.....	2 6
For every thousand shingles, not more than twelve inches in length,	7 6
For every thousand shingles, being more than twelve inches in length.....	11 6

For every hundred red oak staves.....	15	0
For every thousand white oak staves or heading.....	12	6
For every thousand feet of pitch pine, white or yellow pine lumber, of one foot thick.....	21	0
Other kinds of lumber wood, (cedar, logwood, fustic, and mahogany excepted,) per thousand feet.....	28	0
For every thousand wood hoops.....	5	3
Beef and pork, salted beef of all sorts, for every 122 lbs. weight.....	12	8

COMMERCIAL STATISTICS.

COMMERCE OF THE UNITED STATES.

Appended to the Treasury Report, as communicated to congress, is the following statement, exhibiting the value of imports and exports of the United States, in six successive years, ending 30th September last. The amount of imports during the past year has surprised every one, being greater than in any former year, except the great speculation year, 1836. On the other hand, the amount of exports has been greater than in any former year, except 1835 and 1836.

VALUE OF IMPORTS.

Years.	Free of Duty.	Paying Duty ad valorem.	Paying specific Duties.	Total.
1834	68,393,180	35,608,208	22,519,944	126,521,332
1835	77,940,490	45,817,740	26,137,509	149,895,742
1836	92,056,481	59,343,380	38,580,160	189,980,035
1837	69,250,031	37,716,374	34,022,812	140,980,217
1838	60,860,005	27,090,480	25,765,919	113,717,404
1839	72,040,719	42,563,739	43,605,100	157,609,560

VALUE OF EXPORTS.

Years.	Domestic Produce.	Foreign Merchandise.	Total Value of Exports.	Value of Imports.
1834	81,024,160	23,312,811	104,336,013	126,521,332
1835	101,189,082	20,504,495	121,693,577	149,895,742
1836	106,916,080	21,746,360	128,662,440	189,980,035
1837	95,554,414	21,854,962	117,419,386	140,980,217
1838	96,033,821	12,563,795	108,496,616	113,717,404
1839	100,951,004	17,408,000	118,359,004	157,609,560

PENNSYLVANIA ANTHRACITE COAL TRADE.

Comparative Statement of the Quantity of Coal shipped from the different Coal Regions in Pennsylvania, from the Commencement of the Trade, in 1820, to January 1st, 1840.

Year.	Schuylkill.	Lehigh.	Lackawanna.	Aggregate.	Year.	Schuylkill.	Lehigh.	Lackawanna.	Aggregate.
1820	....	365	....	365	1830	89,984	41,750	43,000	174,734
1821	....	1,073	....	1,073	1831	81,854	40,966	54,000	176,820
1822	....	2,240	....	2,240	1832	209,271	75,000	84,600	368,871
1823	....	5,823	....	5,823	1833	250,588	123,000	111,777	485,365
1824	....	9,541	....	9,541	1834	226,692	106,244	43,700	376,636
1825	5,306	28,393	....	33,699	1835	335,685	131,250	90,000	556,935
1826	16,835	31,280	....	48,115	1836	443,754	146,502	106,270	696,526
1827	29,493	32,074	....	61,567	1837	535,250	223,902	115,387	874,539
1828	47,181	30,232	....	77,413	1838	434,684	212,831	76,321	723,836
1829	78,293	25,110	7,000	110,403	1839	442,608	220,645	122,300	785,553

From this statement, it appears, that anthracite coal was first used as fuel (on tide water) in 1820; and, dividing the twenty years since that date into four periods of five years each, the quantity brought from the Schuylkill, Lehigh, and Lackawana mines, in the first period, ending with the close of the season of 1824, was 19,042 tons.

Second period, ending 1829	331,197
Third " " 1834	1,582,426
Fourth " " 1839	3,637,389

Making 5,570,054

Which shows an average quantity, for the first five years, of 3,808 tons per ann.

Second five years	65,239	"	"
Third "	316,485	"	"
Fourth "	727,479	"	"

and that nearly twice as much has been consumed in the last five years, as there was in the preceding fifteen years. A new impetus has been given to its consumption in that period, by the increased safety and economy with which it has been successfully introduced and used in steamboats, and locomotive engines on rail-roads.

CHARGES ON A BALE OF COTTON AT MOBILE.

A Statement of the Charges incurred at the Port of Mobile, exclusive of Insurance, calculated on a Bale of 420 Pounds, with Freight at $\frac{3}{4}$ d., and Prices at the present Rates.

Wharfage, per bale	10c
Weighing	12 $\frac{1}{2}$
Draying to press	12 $\frac{1}{2}$
Storage, average, say	20
Factor's commissions, average this season	80
Add for freight to city	\$1 50
Chargeable to planter	—\$2 85
Brokerage	25
Storage until compressed	12 $\frac{1}{2}$
Drayage to vessel or lighter	8
Wharfage	10
Commission on purchase, average, say	80
Freight and primage, say	\$6 64 $\frac{1}{2}$
Chargeable to purchaser	—\$8 00
Compressing	80
Ligherage to lower bay	25
Stowing, (done by the day,) say	25
Chargeable to vessel	—\$1 30
Total charges on a bale	\$12 15
Add port charges at Liverpool	6 00
Total, on both sides, per bale	\$18 15

MISCELLANEOUS STATISTICS.

POPULATION AND PROPERTY OF THE CITIES OF NEW YORK.

A Statement showing the Population, and also the aggregate Valuation of the Real and Personal Estate, in the several Cities in the State of New York, in each year since 1815. Compiled from the Comptroller's Report, January 14, 1840.

BROOKLYN.

	Year.	Pop'tion.	Real & personal estate.		Year.	Pop'tion.	Real & personal estate.
U. S. Census,	1834	Incorp'd.	15,642,290	State Census,	1837	24,529	26,895,074
State Census,	1835	24,529	26,390,151	..	1838	..	25,193,956
..	1836	..	32,428,942	..	1839	..	25,440,634

NEW YORK CITY.

	Year.	Pop'lion.	Real & per- sonal estate.		Year.	Pop'lion.	Real & per- sonal estate.
State Census,	1816	95,519	82,074,200	State Census,	1828	166,086	114,019,533
..	1817	..	78,895,735	..	1829	..	112,526,016
..	1818	..	80,254,091	U. S. Census,	1830	203,007	125,288,518
..	1819	..	79,113,061	..	1831	..	139,280,214
U. S. Census,	1820	123,706	69,530,753	..	1832	..	146,302,618
..	1821	..	68,285,070	..	1833	..	166,495,187
..	1822	..	71,289,144	..	1834	..	186,548,511
..	1823	..	70,940,820	State Census,	1835	270,089	218,723,703
..	1824	..	83,075,676	..	1836	..	309,500,920
State Census,	1825	166,086	101,160,046	..	1837	..	263,747,350
..	1826	..	107,447,781	..	1838	..	264,152,941
..	1827	..	112,211,926	..	1839	..	266,882,430

ALBANY.

	Year.	Pop'lion.	Real & per- sonal estate.		Year.	Pop'lion.	Real & per- sonal estate.
State Census,	1816	10,023	5,430,636	State Census,	1828	15,971	7,201,781
..	1817	..	8,067,991	..	1829	..	7,264,710
..	1818	..	8,089,196	U. S. Census,	1830	24,238	....
..	1819	..	4,063,030	..	1831	..	8,420,127
U. S. Census,	1820	12,630	4,156,617	..	1832	..	....
..	1821	..	3,970,076	..	1833	..	....
..	1822	..	3,953,579	..	1834	..	9,179,773
..	1823	..	2,574,784	State Census,	1835	28,109	9,618,790
..	1824	..	6,479,943	..	1836	..	9,649,477
State Census,	1825	15,971	6,658,810	..	1837	..	9,680,531
..	1826	..	6,758,065	..	1838	..	9,325,986
..	1827	..	7,170,058	..	1839	..	9,707,634

TROY.

	Year.	Pop'lion.	Real & per- sonal estate.		Year.	Pop'lion.	Real & per- sonal estate.
State Census,	1816	Incorp'd.	1,621,670	State Census,	1828	7,859	3,609,741
..	1817	4,841	1,855,496	..	1829	..	3,552,629
..	1818	..	1,818,596	U. S. Census,	1830	11,605	3,857,793
..	1819	..	1,378,350	..	1831	..	4,124,757
U. S. Census,	1820	5,264	1,344,750	..	1832	..	4,221,604
..	1821	..	1,264,520	..	1833	..	4,348,892
..	1822	..	1,232,170	..	1834	..	4,500,393
..	1823	..	2,464,285	State Census,	1835	16,959	4,879,241
..	1824	..	2,609,345	..	1836	..	5,515,091
State Census,	1825	7,859	3,143,143	..	1837	..	5,303,578
..	1826	..	3,409,678	..	1838	..	5,496,269
..	1827	..	.....	..	1839	..	5,532,392

ROCHESTER.

	Year.	Pop'lion.	Real & per- sonal estate.		Year.	Pop'lion.	Real & per- sonal estate.
U. S. Census,	1834	Incorp'd.	2,587,215	State Census,	1837	14,404	4,065,611
State Census,	1835	14,404	2,908,412	..	1838	..	4,097,875
..	1836	..	3,467,253	..	1839	..	4,335,083

BUFFALO.

	Year.	Pop'l'tion.	Real & per- sonal estate.		Year.	Pop'l'tion.	Real & per- sonal estate.
U. S. Census,	1832	Incorp'd.	990,000	State Census,	1836	15,661	4,865,837
..	1833		3,086,115	..	1837	..	5,785,837
..	1834		2,245,450	..	1838	..	5,985,857
State Census,	1835	15,661	4,092,256	..	1839	..	6,252,943

UTICA.

	Year.	Pop'l'tion.	Real & per- sonal estate.		Year.	Pop'l'tion.	Real & per- sonal estate.
U. S. Census,	1832	Incorp'd.	2,716,225	State Census,	1836	10,183	2,973,368
..	1833		2,819,634	..	1837	..	3,256,649
..	1834		2,820,013	..	1838	..	3,349,881
State Census,	1835	10,183	2,957,370	..	1839	..	3,569,057

SCHENECTADY.

	Year.	Pop'l'tion.	Real & per- sonal estate.		Year.	Pop'l'tion.	Real & per- sonal estate.
State Census,	1816	7,134	1,448,584	State Census,	1828	4,068	680,513
..	1817	..	1,560,155	..	1829	..	..
..	1818	..	1,377,211	U. S. Census,	1830	4,258	..
..	1819	..	1,320,073	..	1831	..	698,863
U. S. Census,	1820	3,939	1,220,073	..	1832	..	656,529
..	1821	..	622,024	..	1833	..	831,804
..	1822	..	614,774	..	1834	..	885,679
..	1823	..	725,544	State Census,	1835	6,272	1,046,989
..	1824	..	704,841	..	1836	..	1,121,290
State Census,	1825	4,068	767,934	..	1837	..	1,297,261
..	1826	..	650,856	..	1838	..	1,355,809
..	1827	..	664,756	..	1839	..	1,830,872

HUDSON.

	Year.	Pop'l'tion.	Real & per- sonal estate.		Year.	Pop'l'tion.	Real & per- sonal estate.
State Census,	1816	4,725	1,252,475	State Census,	1828	5,004	1,653,250
..	1817	..	1,803,630	..	1829	..	1,524,770
..	1818	..	1,663,678	U. S. Census,	1830	5,392	1,503,270
..	1819	..	1,079,785	..	1831	..	1,741,820
U. S. Census,	1820	5,310	974,940	..	1832	..	1,814,380
..	1821	..	939,792	..	1833	..	1,666,123
..	1822	..	915,145	..	1834	..	1,832,063
..	1823	..	1,188,201	State Census,	1835	5,531	1,795,292
..	1824	..	1,218,701	..	1836	..	1,343,660
State Census,	1825	5,004	1,755,942	..	1837	..	1,121,050
..	1826	..	1,150,701	..	1838	..	984,100
..	1827	..	1,613,300	..	1839	..	1,201,600

BANK STATISTICS.

Table showing the principal Items of the Bank Statements of all the Chartered Banks of the State, for the last five years.

	Jan. 1, 1836. 86 Banks.	Jan. 1, 1837. 98 Banks.	Jan. 1, 1838. 95 Banks.	Jan. 1, 1839. 96 Banks.	Jan. 1, 1840. 96 Banks.
Capital	31,281,461	37,101,460	36,611,460	36,801,460	36,801,460
Circulation	21,127,927	24,198,000	12,432,478	19,373,149	10,629,514
Canal Fund	3,445,753	3,768,874	4,465,832	3,291,713	3,100,138
Deposits	19,116,170	19,342,698	15,771,729	18,370,044	16,051,391
U. States Deposits. .	9,291,539	10,791,596	.....	.....	.....
Due Banks	19,783,482	20,462,823	15,221,487	15,344,038	7,055,584
Loans and Discounts.	72,469,282	79,313,188	60,999,770	68,300,486	52,788,206
Stocks	803,159	1,794,152	2,795,207	911,623	3,653,170
Specie	6,224,646	6,557,020	4,139,732	6,602,708	5,864,634
Bank Notes	10,237,574	12,487,610	3,616,918	3,907,137	4,401,400
Cash Items.	1,277,886	3,268,648	618,277	2,838,694	2,310,161
Due from Banks.	15,991,168	18,832,254	18,297,899	14,122,940	6,543,125

Statement of all the Chartered Banks of the State of New York, distinguishing between those located in the City of New York and elsewhere, January 1st, 1840.

RESOURCES.

	Twenty-two N. York City Banks.	Twenty-eight Long Island & North Ri- ver Banks.	Forty-six country B'ks & two bran- ches.	Total.
Loans and Discounts	26,900,173	10,999,680	14,883,353	52,788,206
Real Estate	1,514,788	551,224	871,683	2,937,695
Stocks	3,360,336	171,269	121,565	3,653,170
Overdrafts	82,669	31,927	34,781	149,377
Expenses and Personal Estate,	194,485	258,874	71,267	524,626
Bank Fund	443,415	158,529	218,494	820,438
Specie	4,495,137	660,360	709,137	5,864,634
Notes of other Banks	3,231,103	712,660	457,637	4,401,400
Checks and Cash Items.	1,983,596	205,151	121,414	2,310,161
Due from b'ks & corporations,	3,130,386	1,727,203	1,685,536	6,543,125
Other Investments	43,544	64,608	....	108,152
				80,100,984

LIABILITIES.

Capital	20,161,200	7,285,260	9,355,000	36,801,460
Circulation	4,028,737	2,070,029	4,530,748	10,629,514
Loans on time	226,610	100,000	....	326,610
Due to Canal Fund	1,511,914	499,443	1,088,781	3,100,138
Profits	2,457,338	1,466,172	1,444,326	5,367,836
Deposits on debts	20,959	106,898	218,750	346,607
Dividends unpaid.	293,229	20,936	107,679	421,844
Deposits	12,455,801	1,813,060	1,782,530	16,051,391
Due other b'ks & corporations,	4,223,844	2,179,687	652,053	7,055,584
				80,100,984

A Table showing the condition of the five Banks in the state of New York not subject to the Bank Fund Law.

RESOURCES.					
	<i>Manhattan Company.</i>	<i>Fullton Bank.</i>	<i>North River Bank.</i>	<i>Chemical Bank.</i>	<i>Commercial Bank of Albany.</i>
Loans and Discounts.....	2,414,722	940,022	819,003	770,439	597,924
Real Estate.....	395,229	13,206	36,850	2,500	50,788
Stocks.....	601,839	.....	20,000	.....	.....
Expenses & personal estate, .....	.....	4,707	.....	5,188	187,359
Specie.....	596,903	123,613	63,307	62,385	47,618
Notes of other Banks.....	191,834	76,355	45,236	45,983	218,640
Checks and Cash Items....	478,550	.....	18,327	11,497	.....
Due from other Banks.....	330,807	109,139	79,554	61,575	184,895
Other Investments.....	43,544	.....	.....	.....	64,608
	5,053,428	1,267,042	1,082,277	959,572	1,351,832
LIABILITIES.					
Capital.....	2,050,000	600,000	500,000	400,000	300,000
Circulation.....	207,995	100,443	161,671	143,970	78,373
Profits.....	119,031	138,859	72,337	71,699	203,647
Dividends unpaid.....	.....	3,380	.....	259	.....
Due Canal Fund.....	721,247	.....	86,000	.....	16,690
Deposits.....	1,619,697	260,329	232,064	323,364	402,614
Due other Banks.....	335,458	164,031	30,205	20,280	350,598
	5,053,428	1,267,042	1,082,277	959,572	1,351,832

Aggregate Statement of ninety-one Banks subject to the Bank Fund Law, as reported to the Bank Commissioners, January 1, 1840.

RESOURCES.			
	<i>Eighteen New York City Banks.</i>	<i>Seventy-three Country Banks.</i>	<i>Total.</i>
Loans and Discounts.....	21,955,987	25,290,109	47,246,096
Real Estate.....	1,067,003	1,372,119	2,439,122
Stocks.....	2,738,497	292,834	3,031,331
Overdrafts.....	82,669	66,708	149,377
Expenses and Personal Estate.....	184,590	142,782	327,372
Bank Fund.....	443,415	377,023	820,438
Specie.....	3,648,929	1,321,879	4,970,808
Notes of other solvent Banks.....	2,871,690	951,657	3,823,347
Checks and other Cash Items.....	1,475,222	326,565	1,801,787
Funds in New York and Albany....	.....	2,255,844	2,255,844
Due from other banks & corporations,	2,549,311	972,000	3,521,311
			70,386,833
LIABILITIES.			
Capital.....	16,611,200	16,340,260	32,951,460
Circulation.....	3,414,658	6,522,404	9,937,062
Loans on time.....	226,610	100,000	326,610
Due to Canal Fund.....	704,667	1,571,624	2,276,291
Profits.....	2,055,412	2,706,851	4,762,263
Deposits on debts.....	20,959	325,648	346,607
Dividends unpaid.....	29,590	128,615	418,205
Deposits.....	10,020,347	3,192,976	13,213,323
Due other Banks and Corporations..	3,673,870	2,481,142	6,155,012
			70,386,833

*Aggregate Statement of all the Chartered Banks of the State of New York,
on the 1st of January, 1840.*

RESOURCES.

	<i>Ninety-one Safety Fund Banks.</i>	<i>Five Banks not Safe- ty Fund.</i>	<i>Total.</i>
Loans and Discounts.....	47,246,096	5,542,110	52,788,206
Real Estate.....	2,439,122	498,573	2,937,695
Stocks.....	3,031,331	621,839	3,653,170
Overdrafts.....	149,377	....	149,377
Expenses and Personal Estate.....	327,372	197,254	524,626
Bank Fund.....	820,438	....	820,438
Specie.....	4,970,803	893,826	5,864,634
Notes of other solvent Banks.....	3,823,347	578,053	4,401,400
Checks and other Cash Items.....	1,801,787	508,374	2,310,161
Due from other banks & corporations,	5,777,155	765,970	6,543,125
Other Investments.....	....	103,152	103,152
			80,100,984

LIABILITIES.

Capital.....	32,951,460	3,850,000	36,801,460
Circulation.....	9,937,062	692,452	10,629,514
Loans on time.....	326,610	....	326,610
Due Canal Fund.....	2,276,291	823,847	3,100,138
Profits.....	4,762,263	605,573	5,367,836
Deposits on debts.....	346,607	....	346,607
Dividends unpaid.....	418,205	3,639	421,844
Deposits.....	13,213,323	2,838,068	16,051,391
Due other Banks and Corporations..	6,155,012	900,572	7,055,584
			80,100,984

TO READERS AND CORRESPONDENTS.

SEVERAL papers intended for the present number, received too late, or omitted for want of space, will probably appear in the April issue. Among them are:—1. The Commercial League of the Hanse Towns, by E. W. STOUGHTON, Esq.—2. Fraud upon Underwriters, by JAMES BERGEN, Esq.—3. Suggestions on the Law of Auctions, No. III., by FRANCIS BRINLEY, Esq., of New York; and the first of a series of papers, prepared by the same gentleman, on the laws relative to debtor and creditor in the several states. The first of the series presents, in a clear and comprehensive form, the “means of enforcing debts against the citizens of Maine,” which will be followed by similar expositions of the latest statute laws of the other states. These articles will, we are confident, prove very useful to a large portion of the mercantile community. We have also been compelled to crowd out a great number of important legal decisions, furnished for publication in this Magazine by Judge HOPKINSON, of the United States District Court, DANIEL LORD, jr., Esq., of New York, and P. W. CHANDLER, Esq., of the Law Reporter, etc., which will be published at our earliest convenience.

THE SALAMANDER SAFE.—Mr. ENOS Wilder, of this city, is the patentee of a safe, for the preservation of books and papers against fire, which, we are satisfied, is all that it purports to be—a perfect security from that destructive element, fire. We shall, in a succeeding number of the Magazine, give a more extended notice of this important invention, which has already passed through a “fiery ordeal,” and found to be superior to any thing of the kind now in use.