

**A NATIONAL BANK, OR NO BANK;
AN APPEAL TO THE COMMON
SENSE OF THE PEOPLE OF THE
UNITED STATES: ESPECIALLY OF
THE LABORING CLASSES**

Published @ 2017 Trieste Publishing Pty Ltd

ISBN 9780649439683

A National Bank, Or No Bank; An Appeal to the Common Sense of the People of the United States: Especially of the Laboring Classes by John R. Hurd

Except for use in any review, the reproduction or utilisation of this work in whole or in part in any form by any electronic, mechanical or other means, now known or hereafter invented, including xerography, photocopying and recording, or in any information storage or retrieval system, is forbidden without the permission of the publisher, Trieste Publishing Pty Ltd, PO Box 1576 Collingwood, Victoria 3066 Australia.

All rights reserved.

Edited by Trieste Publishing Pty Ltd.
Cover @ 2017

This book is sold subject to the condition that it shall not, by way of trade or otherwise, be lent, re-sold, hired out, or otherwise circulated without the publisher's prior consent in any form or binding or cover other than that in which it is published and without a similar condition including this condition being imposed on the subsequent purchaser.

www.triestepublishing.com

JOHN R. HURD

**A NATIONAL BANK, OR NO BANK;
AN APPEAL TO THE COMMON
SENSE OF THE PEOPLE OF THE
UNITED STATES: ESPECIALLY OF
THE LABORING CLASSES**

INTRODUCTORY ADDRESS.

FELLOW CITIZENS :—

You are aware that there is a difference of opinion amongst the people of the United States, on the subject of the *Banking System* of this country generally, and especially upon the subject of a NATIONAL BANK.

This difference of opinion has been made at times a matter of party distinction. Each of the two political parties, into which the country is frequently divided, taking opposite sides: one for, and the other against Banks, and one for, and the other against a National Bank. In this way the real subject of enquiry has been lost sight of. The question with both sides, having been more to know what will favor this or that party, than to know whether Banks are good in themselves, or not; or whether a National Bank be a benefit to the country or not.

It needs but a moment's consideration, however, to convince any one that, aside from all party views whatever, and even on the supposition, that there were no political parties in existence, it a matter of very great importance, to know whether Banks, such as our State Banks are, should be sustained or not:—whether they are a good, or an evil—whether, if a good, they require restraint, or regulation, and if they do require it, what kind of restraint this should be. So also to know whether a National Bank, such as we have had in the country, be useful or not; and if useful, how and for what reasons it is so.

No matter what political party be in power, or who may be at the head of the government, these are subjects to be treated upon their own merits. The interests of party is not to be taken into consideration in coming to a decision as to the expediency of these institutions. It is a case like that of a question of *war or peace*, you will readily admit that we should not declare war against another nation, merely because it would benefit this, or that party at home, you would say, that such a subject should be looked at separately, and that we should decide as the permanent well being of the whole nation might seem to require.

My object is to prevail upon you to take up the subject of Banks, and of a National Bank in this way. To allow it to stand upon its own merits. To discuss it, and to decide upon it, as a matter of importance to the whole body of the nation, and especially the great mass of the people, the **LABORING CLASSES**.

The moment is favorable. There are no important elections now pending: and if there were, this is a subject about which persons of the same political party, may reasonably be allowed to differ in opinion. It is a subject, too, not of importance merely for the present moment, or for the present generation; but it is one, which will continue to be of importance for years to come. It is of importance not merely for you, but it will be of the same importance for your children, and for your children's children.

You have heard repeated declarations that Banks are evils; and that

a National Bank particularly, is a great evil, and, on the other hand, you have heard as positive declarations that Banks are benefits, and that a National Bank is a great benefit; but no one has distinctly shown you in what respect Banks are an evil, or what classes of persons suffer by them; or to whom a National Bank is a great evil, or what portion of the community may have reason to object to its operations.

On the other hand again, no one has shown you how Banks are beneficial to the *people*: in what respect they are a good, or under what circumstances of restraint they are beneficial; neither has any one as distinctly shown you how, or why, a National Bank is desirable for the *general welfare*; however it may interfere with the operations of comparatively a very small number of individuals.

My purpose is to prevail upon you to enter with me into an examination of these particulars. To enquire in what manner Banks generally are advantageous to the nation; what evils attend their establishment; how these evils may be remedied; and what class of persons may be incommoded by their operations. To enquire, also, in what manner a National Bank is, or may be, advantageous to the country, what objections may be made to such a Bank. By whom these objections may be made, and what the mass of the people has to do with the reasons of these objections. To enquire, in fine, whether the *interest of the working classes* has been consulted at all, in the hostility so frequently exhibited towards a National Bank, and indeed, to all Banks; and, if this hostility be not founded in any regard for the welfare of the *people*, to enquire how it is that public opinion has been, in certain respects, so much misled upon the subject.

In pursuing this investigation, we may be obliged to enter more fully into the examination of some particulars, than is necessary for the understanding of persons familiar with matters of this kind; but as there are many to whom the subject is not so familiar, it seems necessary to go back in some degree to first principles, in order to be equally understood by all.

This mode of treating the enquiry may appear to impose a tax upon your patience; but the principles alluded to are generally of a character sufficiently interesting to merit attention: even aside from the purpose for which they have been introduced. Beyond this patience, I have only to ask your candid and unbiased attention to the statement presented.

You are most of you of the class of citizens who are, or have been, subject to *jury duty*, you know the state of mind with which a jurymen should come to his seat in any trial of importance. The question of a National Bank, or no National Bank; of Banks or no Banks, presents one of the most important civil cases, upon which you can be called to give an opinion.

In exercising your judgment upon the facts and arguments here laid before you, I trust you will feel it a duty to lay aside all party prejudice and personal feeling; as you would feel it so in a court of justice, where the majesty of the laws, and the well being of your fellow citizens might depend upon your decision.

In this trust I shall submit the case, reminding you only that the welfare of *YOUR COUNTRY* is dependant upon your verdict.

PART FIRST.

SECTION I.

Use and Importance of Money Capital.

In the working of all machinery, it is desirable that there should be as little *loss of power* as possible.

Suppose the steam engine of a factory to be capable of performing to advantage twice as much as it does, with the same expense: there is here a loss of half the power employed. If there be two factories in the same neighborhood, in one of which, with the same machinery, and the same outlay, only half the work is turned out which is produced in the other, the owner of the establishment producing most will be able to undersell the proprietor of the other so much, that from this circumstance alone the latter may be obliged to relinquish his business.

It is equally desirable that a piece of land should yield as much as it is capable of producing with the same labor and expense. Suppose, for example, a field manured, and plowed, and prepared for seed: if but one half of it be sown, there is here a loss of so much power. If there be two countries, both capable of producing the same quantity of wheat; both cultivated at the same expense; but one of them, from want of management, producing only one half of what the other produces, the country producing most will be able to undersell the other so much as to shut it out of any foreign market.

Man himself may be contemplated as a machine of the same kind. If a laborer, able to earn one dollar per day for every working day in the year, be employed but half of this time, there is in his case so much loss of power. Suppose two mechanics, both having it equally in their power to earn one dollar per day, or three hundred dollars for the year; and both subsisting equally well on one hundred and fifty dollars a year. If one of these persons work only one hundred and fifty days, and the other three hundred days, the first will do no more than earn his bare subsistence, while the other will not only be able to live as well as his neighbor, but he will lay up besides one hundred and fifty dollars at the end of the year. If a year succeed in which it is difficult for these mechanics to obtain work, he who can work the cheapest will soonest find employment. The man who labors three hundred days in the year, can now work for seventy-five cents a day, and he will live as well as he did before, and lay by seventy-five dollars at the close of the year; while he who works only half this time, cannot labor for less than he did before, without depriving himself of some of the necessaries of life. It is the same with nations.

TO MIND ABSORBING 6

Suppose a country, the inhabitants of which labor three hundred days in the year : and another, where, from the number of holidays, the people work only one hundred and fifty days in the year. The productions in both cases being the same, the country where the people labor most will be able to undersell the other. In the country where there are not so many holidays, the inhabitants may become wealthy ; when, under the same circumstances, except in this particular, the inhabitants of the other country may be impoverished, and barely able to sustain themselves.

The result would be the same, if in one country only half the people labored, while in the other they were all alike employed. Where the greatest number of the people labor, in proportion to the whole number of consumers, there, other things being equal, the productions of the country will be afforded at the lowest rate. The difference arising from the loss, or gain, in *labor power*.

What is true of loss of power in regard to the labor of men, or to the cultivation of land, or to the working of a machine, is equally true with regard to *capital*, or to that part of property which is capable of being employed so as to yield a profit.

Suppose a man to earn by his labor three hundred dollars a year, while his whole expenses do not exceed two hundred dollars. At the end of the year, he will have one hundred dollars, to be lent on interest, or to be employed in trade, so as to give him a profit. This one hundred dollars is so much capital. If this capital be placed out at interest, the one hundred dollars has the power of producing six or seven dollars at the end of the year. If it be employed in trade, it will probably produce more ; as interest may be considered somewhat less than the lowest profit expected in the place where it is given ; no one, as a general rule, being willing to give more interest for money, than he expects to make profit out of it—while many will pay interest for a very small gain over and above this interest. If this capital of one hundred dollars, however, be allowed to remain idle, it gains neither interest nor profit. Here, then, is so much *loss of power* in capital. Of course the importance of this loss of power increases in proportion to the amount of capital, or of any number of capitals, thus left idle.

All the capital in the world may be considered as so much saving from the compensation of labor of some kind, after deducting expenses. The capital of every country consists of the savings of labor of that country, together with the accumulated savings of labor which have been brought into it from other countries. A nation becomes richer, or more prosperous, in proportion as more or less of the whole capital of the country is employed so as to yield a profit. If only half the amount be employed which might have been employed to equal advantage, the nation will not increase in riches half as much as it might.

Suppose two countries with each the same amount of capital, and each subject to the same expenses for consumption. If one of these countries employ only half its capital, and the other employ the whole, both at the same rate of profit, the last will be able to furnish its produce, other things being equal, at a rate so much cheaper than the first, as perhaps to shut it out of a foreign market.

Suppose two men employed in the same trade, each having a capital of ten thousand dollars, and each being subject to the same expense of living, equal to the profits on one half of this capital. If one of them employ the whole of his ten thousand dollars, he will be able, besides his expen-

ses, to lay up as much more at the end of the year; while the other, who keeps five thousand dollars of his money idle, may be barely able to make both ends meet. The first will therefore be able to undersell his neighbor, and accumulate a surplus from a reduced rate of profit; while the other must deprive himself of some of the necessaries of life, in order to sell his goods at the same prices. Such is the consequence of the loss of power in respect to capital.

The operation is the same with nations. As we have seen, where the capital of both countries are the same, the country which employs most of its capital will have the advantage of the other; but we may go still further. Suppose two countries, one of which has a much larger capital than the other, but which does not employ so much of this capital as it might: the other with less capital employs the whole amount; other circumstances being the same in both cases. The country with the smallest capital is able to compete so much the better with the richer country, in proportion as one has a great deal of its capital lying idle, while the other gives full employment to every dollar that can be scraped together. Hence the less capital any country may possess, in proportion to the capitals of its richer neighbors, the more desirable it is that there should be no *loss of power*, by allowing any part of this smaller capital to remain idle or dormant.

Great Britain affords the example of a country where there is probably the least loss of power, either in respect to time, labor, or capital; and to this peculiarity she is no doubt indebted for much of her pecuniary prosperity.

Spain and Italy, on the other hand, afford examples of *power lost*, in all these particulars. A great portion of the year, in those countries, being occupied with *holidays*, and the habits of the people inducing them to labor only so much, and so long, as may be absolutely necessary for their subsistence. The wealth of these countries being in possession of comparatively a small number of persons, and many of these persons allowing a large part of what they possess to be in a great degree idle and unimproved; while there are few or no institutions to enable the small capitalists to bring their means together, in order that the whole sum may be employed by those, who would be able and disposed to make a profitable use of it.

In most of the old countries, as they are called, the capital, though in few hands, is abundant in proportion to the opportunities of employing it. Under such circumstances, the occasion of economizing this kind of *power*, is less sensibly perceived. In the United States of America, on the contrary, as in all new countries, the capital is small in proportion to the various profitable uses to which it may be applied. With a very few individuals there may be an abundance of capital, but with the mass of the people engaged in business there is a want of it; and in any competition which arises in trade or manufacture, between these United States and the nations of the old world, those countries, having by far the largest capitals, will possess in this respect an almost overwhelming advantage. Hence in the United States it is particularly desirable that all the capital which the country can command, from whatever source it may be derived, should be drawn into active operation, and should be so continued, that in this particular there may be no *loss of power*.

N. B. The important advantages of capital may perhaps be further illustrated by a few instances of the inconvenience resulting from the want of it.

As capital unemployed is power lost, so the unemployed faculties of enterprise and industry are equally power lost. Add to this, we may say, as a general rule, the faculty of capital, and the operative faculty, must be brought together, or the power of both are lost.

Suppose a person to possess an immense tract of land in a country entirely uninhabited. Such an individual is a large capitalist in land, but as there is no one to improve his land, his capital is idle. It is entirely unprofitable, for want of being brought within the reach of the enterprise, activity and labor, of those who might improve it. Here is so much *lost power in capital*.

Suppose, on the other hand, a number of persons accustomed to farming, to be brought together in a place where there is no land to be cultivated, and to be in a situation disabling them from doing any thing else. Here is so much *labor power lost*, because it cannot be brought within the reach of *capital in land*.

It is the same with money. We may suppose a person possessed of a million of dollars, which he can neither employ himself, nor lend out on interest; there being no one within his reach, of enterprise and activity, to make use of his funds. Here is power in *money capital* lost, for want of meeting with the operative power.

So, on the other hand, a number of industrious and enterprising persons accustomed to different branches of manufacture, may be living in a village on the banks of a rapid stream, admirably calculated for mill-seats, all idle, and suffering from want of employment. Ask these persons why they do not go to work, set up mills, and engage in manufacturing. They will say they have no money, and there is no one from whom they can borrow any. They cannot build mills without money. They cannot procure the raw material without money, they are therefore idle. Here is a loss of *labor power*, for want of being brought within the reach of *money capital*.

Suppose in the same place some person to come forward with money sufficient to build mills, and furnish machinery, but not having means sufficient to purchase the raw material. The mills when built, are idle, and the people are still idle. Here there is a loss both of money power and labor power, for want of *sufficient capital*.

We may see the same operation in a town or city. There may be vacant lots; there may be materials for building; there may be abundance of mechanics and laborers desirous of employment, but if there be no money with which to build, all this power in lots, and materials, and labor, remain idle for want of *sufficient capital*. So in ship-yards, materials and workmen may abound; but if no one have money to pay for building vessels, the capital in materials and tools, and the faculty in the workmen, is so much power lost, for want of further capital. The same with the merchant; his warehouses may be built, his ships may be ready to receive cargoes, his masters and mariners may be anxiously waiting for employment; but if there be not capital enough to load his vessels, there must be here again a double loss of power. Nor is it the shipping merchant alone that suffers in this way. The grocer, the linen draper, the artisan, and the trader of every description, must not only have the use of capital, but he must have the use of *sufficient capital*, to enable him to carry on his business advantageously; and what is true of each individual, is true of the whole nation. The country must not only have capital, but it must have the use of sufficient capital, to enable it to employ that which it has to advantage. Capital unemployed is power lost; the faculty of labor unemployed for want of capital, is power lost; and capital idle, and the faculty of labor unemployed for want of sufficient capital, is a double loss of power.

SECTION II.

Discrimination to be made between real and fictitious capital.

In speaking of the importance of capital, it is to be borne in mind that we mean *real* and not *fictitious* capital. The latter, it is true, may sometimes be the means of yielding profit to the possessor, but its operations partake of the character of fraud. They may transfer property from the possessions of one person to that of another, but what one gains the other loses. The dealer in fictitious property may make a profit on the real property of which he gets possession, but in that case he gains a profit, which does not belong to him, the owner of the real capital being the per-