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OBSERVATIONS

On the act, entitled, An act to establish a bank, and incorporate a company, under the name of THE FARMERS BANK OF MARYLAND, and for other purposes.

THE following explanations were prepared, to remove objections which had been urged to discourage subscriptions to the Farmers Bank, previously to the passage of the law of incorporation, and are now offered, under an impression, that the subject is still not sufficiently understood, and that the principles of the institution have been much misrepresented.

The arguments of the opponents to the system have been principally to the following effect: That banks are calculated solely to aid commercial operations; that Annapolis and Easton, not being commercial, are improper situations for a bank; and that the agricultural interest neither required, nor could support, an institution of this nature.—That part of these objections which relates to Annapolis and Easton, being disconnected with the general chain of reasoning on the subject, will be previously discussed.

Although the accommodation and promotion of the agricultural interest of Maryland was certainly the primary, yet it was not the exclusive, object of the Farmers Bank; it was imagined, that by extending the benefits of a monied institution of this nature to Annapolis and Easton, the commercial interests of those places, and consequently of the state at large, might be effectually promoted. It is unquestionably true, that at this time the merchants of both places, are but little engaged in foreign commerce, but the want of such an institution as the one now contemplated by law, or rather the collection of all the active capital of the state at Baltimore, may sufficiently account for this fact; to convince the most sceptical that it is a principal cause of the depressed state of Annapolis, the following observations are suggested.

The harbour of this city opening to the Chesapeake, is one of the safest and most commodious of the U. States; it enjoys the inestimable advantage of being rarely closed with ice in the severest winters. At that season, therefore, of the year, when the commerce of Baltimore, is excluded from its own harbour, it finds a safe and convenient refuge at Annapolis, whence, with little exertion and less risk, foreign mercantile operations might be carried on during those months when they must necessarily cease at Baltimore, or a gambling speculation be substituted for regular commerce. So convenient a winter harbour, even without a town, would be of great advantage to Baltimore; but connected with a town, and that town furnished with a bank, it would be inestimable. For instance, if the cargoes of the Baltimore shipping that lay idle in the harbour of Annapolis during the late winter, could have been sold or stored there, and the cargoes furnished, what an immense sum would have been saved to the commerce of Baltimore?

With a city already well built, intelligent inhabitants, merchants in many instances wealthy, and so excellent an harbour, Annapolis, destitute of foreign commerce, exhibits a political phenomenon amidst the commercial enterprise and rapid improvement which at present distinguish the United States. It is true, that hitherto the capital of the state, its existence has been too much connected, in public opinion, with the variable dispositions of the legislative body. That this uncertainty has created a stagnation in the pursuits of industry, to a certain degree, is admitted, but its citizens could never have so long submitted to a state of suspense and dependence, when the sources of independence and affluence lay open before them, if some more powerfully and extensively operating cause had not weakened the spirit of enterprise, and unnerved the arm of industry; and no other cause could have produced so extraordinary an effect, but the entire monopoly of the monied institutions of the state at Baltimore. These observations flow from the jealousy of the well earned advantages of that truly respectable and flourishing city; on the contrary, her prosperity is considered as inseparably connected with that of the country around her; they flow from a wish to see her, like Boston, surrounded by a Newburyport, a Salem, and other flourishing commercial towns, all fostered by their separate monied institutions. And in this view the Farmers Bank itself will be found eminently calculated to promote her prosperity, for every facility given to those employed in agriculture, that would enable them to be more punctual; every impulse given to the cultivation of the soil, that would increase its produce, must unquestionably operate principally in favour of the great emporium of the state; and even the accommodations of the bank, as far as they could be spared from the primary objects of the

institution, would no doubt prove frequently as serviceable to the commerce, as its situation will be convenient to the merchants of Baltimore.

The want of back country has been urged by some as the principal cause of the depression of Annapolis, but certainly New-York and Norfolk, without any back country exclusively attached to them, are rapidly taking the lead of the commercial cities of America, and if ever the mass of produce which the Susquehanna must soon pour into the market, should find its way through Maryland, as nature seems to have destined, Annapolis affords the first and best harbour for its foreign shipment, and in that event, even the merchants of Baltimore, would probably prefer continuing the craft in which they may be interested, in a direct course to this port, to a reversed course up the Patapsco, which it would generally require a change of wind to accomplish. Annapolis too, is situated in the heart of the country producing the fine tobaccos, which, in a great degree, peculiar to her soil, must long continue the principal staple of Maryland; she is more convenient to the extensive peninsula, which stretches to the eastward of the route from Baltimore to Washington, than either of those cities, and she is situated precisely at the point of communication established by nature between the two shores into which Maryland is divided.—A market opened here, devoted immediately to the object of vending abroad and procuring returns for the tobaccos of Maryland, although it

would interfere with a branch of trade but little regarded in the commerce of Baltimore, would yet prove of inestimable advantage to the state at large. This trade, once steadily pursued, that fluctuation of price must necessarily cease, which is now frequently ruinous both to the cultivator and the merchant, as the supply would soon be proportioned to the demand. This fluctuation is perhaps solely owing to the neglect of this commodity in the Baltimore market, until its scarcity produces a price abroad that promises an higher gain to a few adventurers than their ordinary objects of speculation; then the sudden rise of price diverts a greater proportion of the labour of the community to the article than foreign consumption requires, and no longer yielding a profit, it will hardly command any price at all, to the great injury of the disappointed cultivator, and sometimes to the ruin of the merchant.

In addition to these advantages, resulting from her own situation and that of Baltimore, sufficient to elevate Annapolis to a respectable rank as a commercial town, considerable benefits must be ultimately derived from a connexion with the Federal City, as it progresses to the important station which the capital of an immense empire must hold. Rarely a winter passes that the long navigation of the Patowmack is not obstructed by the ice; Annapolis, at the distance of less than forty miles, must, from its proximity, be preferred for winter communication to either Norfolk or New-York, the next nearest winter harbours, and each two hundred and fifty miles distant.

Easton is situated in the centre of the eastern shore, that great peninsula formed by the waters of the Atlantic on one side, and those of the Chesapeake on the other, comprises a greater extent of level fertile land, every where intersected by navigable waters, than can be found united in any one other tract, perhaps on the surface of the globe; so rich a country cannot long remain without a great commercial city. Easton, from the rapid advances she has already made to wealth and importance, seems destined to take the lead; and already her commercial operations would beneficially employ all the facilities which this institution could spare to their aid.

Such are the advantages that commerce may derive from a bank establishment at Annapolis and Easton; but it will be proper to close the remarks on this part of the subject by observing, that the sessions of the legislature being held at the one place, and those of the supreme court at both, each nearly central to its respective shore, they are certainly the proper situations for a bank, intended for the accommodation of the agricultural part of the community; thither the country interest must perpetually resort from every part of the state; with these places they have at present constant communication, consequently they can be there accommodated to their greatest convenience and advantage.

The objection, as first stated, "that banks are calculated solely to aid commercial operations, and that the agricultural interest neither requires nor can support an institution of this nature," recurs now to be considered, and certainly the theory and practice of political economy prove, that the reverse of this proposition is nearer to the truth than the proposition itself.

Land in an uncultivated and unimproved state is but of little worth, its productions, and consequent value, must for ever depend on the portion of human industry that may be applied to it. Money, or some circulating symbolical representation of property and industry, is more essentially necessary to its im-

provement and utility, and consequently to landholders, than to any other object of property or class of society. The owner of land may be destitute even of food and raiment, and he may want an house to shelter himself and family; he cannot divide his land into such minute parts as would pay for articles of food, still less into such as would compensate a tailor, carpenter or other mechanic, for their occasional services; he cannot, like the owner of personal property, transport it to a distant market for sale, where a purchaser may examine, buy and use it, without changing his residence or his plan of life; he must invite industry to his land, in order to use or improve it; if he can represent this immoveable property by an artificial circulating medium that will command industry, he may then procure, (because he can pay for their services,) labourers to till, and mechanics to improve, his land, and he may purchase stock and implements of agriculture; the industrious thus invited, and assembled on the land, not only produce from it the subsistence and convenience of the owner, but a support also for themselves; and for families which naturally grow up where sustenance can be found; all the advantages of agriculture, population and domestic commerce, then arise, where nothing but a wilderness could exist without this artificial aid. To promote agriculture, therefore, by encouraging commerce, is beginning at the wrong end, it is in truth, not less able than to attempt to build a house by creating a roof before the basement or foundation is secured.

When lands are improved, and have become productive, commerce will be necessary to vend superfluous produce; but there must be produce before it can be vended, and there should be superfluous produce before it should be vended abroad, and whenever there is superfluous produce, it will necessarily create commerce, even without the assistance of a bank at all, because foreign commerce depends for its support, not on the facilities of any one country, but on those of the whole commercial world, which form a joint and active capital, ever in search of commodities that will pay the expence of transportation from one country to another, and yield a moderate profit. The experience of these states has demonstrated the truth of these observations at every period of their history. The first settlers were by no means ignorant of the practical advantages to be derived from the foregoing principles; as the precious metals were not found here, and could not be commanded from abroad by indigent emigrants, a paper substitute could alone supply their place, and whenever the popular feeling and influence was not restrained by the distant and unfeeling hand of royal prerogative, loan-offices were established, to enable landholders to improve their estates; on perusing the history of the then colonies it will invariably be found, that wherever cultivation was aided by these institutions, the progress in improvement was astonishing, not only in agriculture but in commerce, whilst, on the contrary, wherever loan-offices were not established, the land lay mostly uncultivated, agriculture and commerce made slow advances, and the needy inhabitants were kept in wretched dependence on foreign merchants. To illustrate these principles, the following citation is made from the celebrated work of Sir James Steuart on Political Economy, vol. II, book xiv, chap. 3. "In countries where trade and industry are in their infancy, credit must be little known, and they who have solid property find the greatest difficulty in turning it into money, without which industry cannot be carried on, and consequently the whole plan of improvement is disappointed. Under such circumstances, it is proper to establish a bank upon the principles of private credit; this bank must issue upon land, and other securities. Of this nature are the banks of Scotland; to them the improvement of that country is entirely owing—although I have represented this species of banks, which I call Banks of Circulation upon Mortgage, as peculiarly adapted to countries where industry and trade are in their infancy, their usefulness to all nations, who have, upon an average, a favourable balance upon their trade, will sufficiently appear on examination of the principles upon which they are established."

To become a great state, to be highly commercial and opulent, it is necessary to commence, by giving every facility, every encouragement to agriculture, commerce will follow of course. Excluding, as unworthy of consideration, those casual mercantile speculations which sometimes make the fortunes of a few individuals, and generally are pursued till they ruin double the number, money can be no ways employed so advantageously for a state as in agriculture, particularly in a country like our own, where good land bears so great a proportion to the number of inhabitants; a given sum of money expended in labour, implements of agriculture and stock, to cultivate and improve land, must yield more to a community than a like sum applied to any other purpose; for the expences on land are aided by nature herself, who