

TH SHEEP.  
SATURDAY NEWS  
ERARY GAZETTE.  
November 26, 1856.

Attention is requested from our readers to the following prospectus of a new, and even a cheaper book periodical, which will be issued from this office in the first week of next January. It will not be in so convenient a form for binding as the present, with which it will in no way interfere, but it will make books cheap beyond all precedent. It will contain the works of the day, which are worth sought after, but are comparatively dear, and which cannot penetrate the interior in any mode half so rapidly as by mail, in which volume of books are prohibited. A fifty cent American reprint will be furnished for from four to six cents a Marryat novel for twelve cents, and others in proportion.

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N. B. All Baggage at the owner's risk.  
LEWIS G. TAYLOR

# The Maryland Gazette.

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## LEGISLATURE OF MARYLAND.

### GUBERNOR'S MESSAGE.

EXECUTIVE DEPARTMENT,  
ANNAPOLIS, December 27, 1837.

Gentlemen of the Senate, and of the House of Delegates:

We have abundant reason, upon the threshold of those public duties which the constitution has called you to discharge, to render thanks to the Author of all Good for the manifold blessings which he has vouchsafed to his people of our common country. Although some of the productions of agricultural industry have the past season been scant, the abundance of others and the good prices of all have amply rewarded the toils of husbandry. Industry in all its other avocations, has also generally met its worthy hire. The blessings of good health have been dispensed to us with more than ordinary measure. The laws have been executed without interruption or complaint. All our rights, natural, civil and political, have been preserved inviolate; and, even in those calamities with which we have been visited, it becomes us to acknowledge that unerring paternal goodness, which, although its workings are inscrutable, chastens, because it loves us. Let these considerations induce us to enter upon our duties with the determination to serve a continuance of the favor of Him who rules over the destinies of nations.

Many very weighty and important matters will command your deliberate attention, during your present session. One such, however—the deranged condition of the currency or circulating medium of value—coming home as it does to the business and every day transactions of the whole community, has, for several months past, absorbed, and still continues to engage, the largest share of public attention; and, from its vast importance, and the magnitude and general diffusion of the evils and perplexities attending it, is entitled to primary consideration.

In the month of May last, as is well known to you all, the Banking Institutions, generally, with but very few exceptions, throughout the country, suspended the payment of specie for their notes and other liabilities. For a long time previous to the suspension, the greater part of the circulating medium of the country consisted of bank notes, which, for more than twenty years had, in all cases, been equivalent with and for many purposes of superior value to coin. It is a fact also well known, and boasted of by those who had brought it about, that shortly before the suspension, there was more specie in the country, and a larger proportion of it in circulation in the community, than there had ever been at any former period. In December last, it was exultingly proclaimed by the late President of the United States and his financial officers, that the currency of the country was in the most satisfactory state; and even so late as the fourth day of March last, upon retiring from office, he took credit to himself for his "humble efforts to improve it." His successor, too, on entering upon his duties, expressed his satisfaction with the measures of the retiring President, and proclaimed his intention to "follow generally in his footsteps."

Under these circumstances, the revolution and catastrophe of May last, although foretold by others, and, as we believe, the natural result of measures of the General Government, must have come upon the late and present Presidents and their supporters generally with overwhelming surprise. It is to be regretted that they seem generally not to have profited as they should have done by this fatal and lamentable termination of their untried efforts to improve such a currency as they have destroyed.

Can any one believe that if the late United States Bank had been rechartered, the money of the United States continued to be deposited in that institution, the specie Circular never issued, and, in short, if the late administration had forbore to tamper with, and experiment upon the currency, that the banks would have suspended specie payments, or our circulating medium, generally, been at this time of less value than specie?

Statesmen should profit by the lessons of experience, and its teachings were never more clear and decisive on any subject, than in favor of a United States Bank, as a regulator and preserver of a sound and uniform currency. We have had two such institutions each of twenty years existence, and during their whole term we had a sound and uniform currency—always equal to gold and silver, and for exchange operations more valuable. It was but a brief period after the first was put down that the currency became deranged and a large portion of the Banks suspended specie payments, and continued the suspension until the second and late United States Bank went into operation. The wholesome effects of that institution speedily caused a resumption of payments by all the solvent state banks, and from thence until it was put down by the late administration, we had a currency which it was impossible to improve, and therefore, to say the least, folly to meddle with.

Whatever may have prompted the late administration to the adoption of the measure, which has had such a disastrous result—Whether they were deluged, as sometimes professed, to bring about an exclusive metallic currency—to put down all Banks—or, as at other times, to reform and sustain the State banks—or, as some have believed, to establish a Treasury Bank under their management—or were adopted in a reckless spirit of hostility to an institution which they could not bring under their control—is not necessary now to be enquired into. The first is utterly impracticable; not desirable, if it could be effected; and any serious effort to accomplish it, would prove most disastrous to the community generally. The second was not needed, when their measures were commenced, and was without their power to accomplish, if it had been necessary. The third they never avowed, and we trust, will never be adopted, either directly or indirectly. The last, if their motive of action, it is presumed, no one would openly approve or justify.

We do not doubt but that it is possible, to sustain a State Bank circulation, which would be promptly redeemed in specie, on demand, and which, for local currency, would be all we could desire; but we think that experience has proved conclusively that a National Institution, whose issues will have a general circulation, is indispensable to secure uniformity and stability in the various species of circulating media, of which the currency may be composed.

Soon after the suspension of specie payments, we were strongly urged by officers and representatives of the Banks in Baltimore, and by many other citizens, to call a special session of the General Assembly, particularly with a view of repealing or suspending for a time the restriction which prohibited the Banks from issuing notes of less denomination than five dollars, and to the adoption of such other measures as might be deemed necessary to meet the extraordinary crisis. The main object presented to our consideration, although we believed the measure proposed would have been proper,

yet did not appear to us of sufficient importance to justify the expense, and inconvenience to the members, at that season of the year, of an extra session of the General Assembly. And we believed that time and further developments were necessary to ascertain what other measures the public interest might require, in consequence of the suspension. We therefore, after mature deliberation, felt it our duty to decline making the proposed call.

Although we did not think that to authorize the Banks to issue notes of less denomination than five dollars would, even under the extraordinary crisis of May last, justify a special call of the General Assembly; yet we believe that the interests of the community, and the stability of the banks would be promoted by a repeal of the restrictions which prohibit such issues. We are aware that in the expression of this opinion we encounter an extensively prevailing prejudice, but, as we firmly believe and think we can demonstrate, great and most pernicious popular error. We think the position, that to withdraw the smaller notes of the Banks from circulation, and supply their place with specie, would improve the general currency, strengthen the Banks, and tend to sustain their credit and the circulation of their larger notes, is, in each and all its parts, entirely erroneous.

It seems to us very clear that the portion of specie in the country, which enters into general circulation, necessarily narrows, not "widens" as the popular phrase is, the specie basis of the Banks; and this, more especially, is the case where Bank notes are redeemed and withdrawn to make room for it.

A resort to the first rules in arithmetic will demonstrate beyond dispute, that, with any given amount of specie in the country, and of Bank notes, the larger portion of the specie in the Banks and the lesser in circulation, the greater would be the proportional means and ability of the Banks to redeem their issues and sustain their credit, at a time of pressure upon them, whether for foreign exportation or from distrust of their solvency—and vice versa.

To make this appear, we will suppose the whole amount of specie in the country to be \$100,000,000, and of bank notes \$200,000,000; and we will then suppose the whole \$300,000,000 to be divided in various proportions between the banks and the general circulation in the community.

Suppose the banks have in their vaults \$90,000,000 of the specie, and 10,000,000 of their notes; there would be in circulation \$10,000,000 of specie, and \$190,000,000 of notes; in this case, the banks would have in circulation but little more than two dollars of their notes for each dollar of specie in their vaults—a situation which will be generally admitted to be sound and secure, and such as would enable them to sustain any probable demand upon them.

But let us suppose a reverse division of the specie and bank notes between the banks and the community, and see what would then be the situation of the banks. Suppose they had but \$10,000,000 of the specie, and \$90,000,000 of their notes on hand, there would be in general circulation \$90,000,000 of specie and \$10,000,000 of bank notes, viz: eleven dollars in bank notes in circulation for each dollar in specie in the banks; a situation which it is presumed would be generally considered unsafe and dangerous to their credit.

To show the contrast still further, suppose the banks to possess but \$1,000,000 of specie and \$99,000,000 of their notes; in such case, there would be in circulation \$99,000,000 of specie and \$1,000,000 of notes, or more than \$100 in notes in circulation for each dollar in the banks to meet their redemption; a situation which would not enable them to sustain themselves under even slight pressure or distrust, scarcely for a day.

But to meet and refute the popular error we are combatting, more directly—suppose the banks to have \$50,000,000 of the specie and \$50,000,000 of their notes on hand, and that there be in circulation \$50,000,000 of specie and \$150,000,000 of bank notes—in such case, the banks would have one dollar in specie for every three dollars of their notes in circulation; (not far from their ordinary situation) this would be quite a fair condition, and much better than many banks, when in undoubted credit, could exhibit. But suppose one sixth only, or \$25,000,000 of their circulation to be in notes of the smaller denominations; that those notes be redeemed by the banks, and their place supplied with specie; the banks would then have but \$25,000,000 of specie in their vaults to sustain a circulation of \$125,000,000 of their notes. Again, suppose that one third of their circulation be in notes of the smaller denominations, it would require the whole amount of specie in the banks to redeem them and supply their place—leaving the banks entirely without specie, or constraining them to take out of circulation a part of their larger notes also, by curtailing their accommodations to the community. And, finally, suppose one-half of their circulation—\$75,000,000—be in notes of ten dollars and under, (and it is believed that such is ordinarily the case,) they could not take them out of circulation with the specie in their possession; and to enable them to do so, they would have to curtail their accommodations to the community twenty-five millions of dollars, at the least, and as much more as would enable them to retain a specie basis for their other issues. How then can it be urged, that withdrawing the smaller notes from circulation and supplying their place with specie from the banks, would improve the general currency, strengthen the banks, or tend to sustain their credit; and, above all, how can it be pretended, that to lessen the proportion of specie in their vaults to the amount of their notes in circulation, would "widen their specie basis?"

It seems to us a matter of surprise that an error so manifest as the position we think we have conclusively demonstrated to be unfounded, and the very reverse of truth, should so long have prevailed, and been so generally either entertained or silently acquiesced in.

When, in addition to the foregoing demonstration, we take into consideration the fact which all, and particularly late experience, and the observation of every one has proved, that in times of pressure upon and distrust of the banks, nearly all that portion of specie in the hands of the community, ceases to circulate as currency and thereby diminishes, to its extent, the circulating medium, in time of great need, it seems to us impossible to resist the conclusion, that the less amount of the specie in the country, in general circulation, beyond supplying necessary change, and the more of it in the banks, the greater would be the strength and ability of the banks to meet and overcome pressure upon them; and that the general interest and welfare would be best promoted by such a condition of the currency, and disposition of the specie which the country, in the natural course of trade, may at any time possess. While, therefore, we would rigidly restrict the banks, as to the amount of their issues and responsibilities of all kinds in proportion to their capital, specie and other means; and enforce the restriction under severe penalties, we would leave them free as to the denomination of their issues.

We think that when the banks are paying specie for all demands upon them, the community may safely be left to use or refuse a small note circulation, which necessarily compels them, even in violation of Legislative enactments, which, however, we believe, are not law,

to resort to, whenever bank notes of all denominations become irredeemable. We therefore, respectfully recommend the repeal of the restrictions prohibiting the issue or circulation of notes of less denomination than five dollars, now imposed upon all the banks in the State but one.

The objection most commonly urged against the circulation of small notes, is that the larger portion of them is always in the hands of the poorer classes, and persons who have no immediate interest in, and know but little about the situation and credit of the banks. But this objection may easily be avoided; and perhaps it is due to the part of the community named, that their interests in the circulation should be specially protected. This might be done by requiring the banks, under all circumstances, to redeem their smaller issues with specie, under the penalty of absolute forfeiture of their charters. Other good effects would attend such a provision, as, in case of a suspension of payments generally, the small notes of the banks would continue to circulate, in common with specie, to the exclusion of all irredeemable issues, of like denomination, and enable the community to obtain from the banks a supply of small change, and take away all inducement for hoarding such as might be in circulation.

We are, uncompromisingly, opposed to an irredeemable paper currency; and were we not assured that the Banks in this State were forced to a suspension of specie payments, in common with those in other States, by a forced and unnatural state of things, brought about by measures of the General Government, which they had not the power to prevent, nor in time to counteract, we should be disposed to recommend and pursue the most rigorous measures against them. But, under the full persuasion that they were reluctantly forced into that measure by the pressure thus brought upon them, and, above all, that the interests of the community were promoted by its adoption, under the circumstances then existing, we have been much gratified at the patient acquiescence of the public, in the unavoidable inconveniences and perplexities resulting from it. We have reason to believe that the Directors of the Banks in this State, have acted under a proper sense of their responsibilities and duties, with the steady purpose of returning, as speedily as possible, consistent with the interests of the community and their own safety and permanent credit, to the redemption of their engagements, and their accustomed mode of business. If our impressions of their conduct and the information we have received, be correct, they will at no very distant day be able to resume and maintain specie payments, let the course of the General Government towards them be what it may; although it is manifestly in the power of that Government, in the collection and disbursements of its large revenues, to do much in aid of their efforts, or to embarrass, retard and discredit them by refusing to receive their issues.

And should, what is commonly denominated the Sub Treasury System, recommended by the President, be adopted, although it would not prevent the return of prudently conducted Banks to specie payments, for any great length of time, it would throw so much discredit upon them, and cause such a constant demand for their specie, that it is doubtful if they could maintain a sufficient circulation to meet the wants of the community, and justify the continuance of their operations. We have, however, great satisfaction in the assurance furnished by recent indications of public sentiment, in almost every quarter of the country, that we are in no danger of having the manifold evils of that system inflicted upon us, in continuation of experiments upon the currency which have proved so disastrous. And we think there is good ground for hope that the time is not far distant when the good sense of the community will triumph over party attachments, and force the General Government to abandon its experiments, retrace its steps and return to the system of currency which experience has proved to be suited to the wants and general interests of the country.

You will shortly, it is presumed, have statements of the condition of our Banks before you, and should there be any doubt that they are preparing for a return to specie payments, as soon as possible, consistent with the interests of the community, we hope you will institute a rigid scrutiny into their concerns and operations, and that further lenity or forbearance will not be extended to any which may be found not to deserve it.

After the foregoing was prepared, we received the communications and statements herewith transmitted, marked A. B. C. D. E. and F., which, we are gratified to find, confirms the favorable views which we had expressed, of the condition of the Banks in this State, and the prudence with which they have been conducted.

The policy heretofore so energetically pursued, in reference to internal improvement, cannot be too highly commended. There can be little doubt that after the main great works patronized by the State shall have been completed, they will be enduring monuments of the legislative wisdom that designed or sanctioned them, and inexhaustible fruitful sources of revenue and wealth to the State. This subject cannot be too often or too earnestly pressed upon the attention of the Legislature. We most look to it as our main reliance, in competition with our neighboring sister States, for the trade of the great West, and for future wealth and prosperity. The State has already embarked, with an enlightened and liberal spirit, in the commendable enterprise of improving her great internal resources and advantages of position; and it will require but a few more years of patient and persevering effort to realize all the anticipated results of its consummation.

In our last annual communication, we stated that we had recently appointed commissioners to negotiate the loan of eight millions of dollars, authorized by the act of the extra session of May, 1836. One of the gentlemen appointed was in Europe at the time, and the others joined him there in the course of the last summer. The special report has, as yet, been received from the commissioners; but it is understood that they were unsuccessful in their attempts to procure the loan in Europe. A full report of their proceedings will, it is believed, be made at an early day, when it shall be laid, forthwith, before you. A letter from one of the commissioners, in anticipation of a joint report, is herewith transmitted, marked H.

The failure of the Commissioners to obtain, at this time, the eight million loan in Europe has, by no means, lessened our confidence in the completion of the great works for whose benefit it is intended. The action of the Legislature in the passage of the internal improvement law affords ample evidence of their importance in the estimation of that body, which, it is believed, did, at the May session, only reflect the feelings and convictions of the people of the State upon the subject. Maryland, indeed, has no alternative, if she desires to keep pace with her sister states, but to prosecute to a successful issue the policy indicated in her last great internal improvement law of May, 1836. Since then, the scheme of a Rail Road from Charleston to Cincinnati has assumed the shape of a well organized system, and, to sustain it, the several States through which the Road must pass have all given their aid—and South Carolina now solicits for her commercial capital the trade of the West, through a longer channel than would be necessary to bring it to the emporium of Maryland—Pennsylvania, too, since then, not satisfied with her already gigantic