

proper interpretation of the article is covered by the provision which the committee have reported.

Mr. PUGH. I do not propose to enter into this banking question at all. If we did so, we might spend a week or two upon that subject. But I wish to state my reasons for wishing to throw this additional guard around the people, and against the banks. I wish only to state as a mere matter of fact, which the gentleman from Baltimore city can ascertain if he inquires, that a large portion of our troubles to-day are traceable to the fact that the State banks of this State, and of all the States of this country, are to-day issuing about three dollars to one of their capital. I take the ground that if this guard was thrown around the people and against the banks, they would not be issuing so much of their circulation upon no capital whatever.

Mr. STIRLING. With this provision in the Constitution, the banks have issued three times their capital in currency. What good has the provision done, when written in the law?

Mr. PUGH. I want a better provision. If the interpretation I give to it is not sufficiently clear, I want another which shall preclude the possibility of any such interpretation as the gentleman gives it. I absolutely disagree with him in his idea that there are eminent lawyers in the State who give it such an interpretation. I believe the intention of the article was to curb the excessive circulation of the banks of the State. I believe there is no one source of graver disaster to the State than the extensive circulation of paper money. The gentleman knows that to-day one principal difficulty that the government has in sustaining its money power, originates with the State banks through the country. I know of my own knowledge that there are to-day in the State of Maryland, banks issuing at least three or four dollars to one of their capital. I wish to state my belief that if such an article were incorporated in the constitution of the State, an article which should not admit of the interpretation which the gentleman claims that this article is capable of, but which I deny, we should be to-day stronger financially. I shall always, here and everywhere else, be in favor of protecting the people against the issuing of paper currency without any regard to the capital which sustains the institution.

Mr. STIRLING. One word with regard to that. If it is wrong to issue currency to three times the amount of the capital, then prohibit it. If the gentleman from Cecil will introduce a proposition that they shall not issue any paper money at all, I will vote for it. I am willing to make them merely banks of deposit and discount. If you want to reach that, why not do it directly, and not by indirection, and thus stop the issue of paper money?

Mr. MILLER. One word in regard to the construction of the present article of the Constitution. The gentleman from Baltimore city (Mr. Stirling) says it has been construed so and so. There has certainly been no judicial decision of the State so construing it. It seems to me that the plain provision of the law is this: the gentleman knows very well that if he and I were to go into partnership to transact business together, and we contract debts—the putting up a thousand dollars and I putting up a thousand dollars—our creditors can come upon us, not simply for the thousand dollars each we put up, but for the whole amount of our private property; they can take everything we have to pay our debts.

Now, in reference to banking institutions under the old provision, before the present Constitution was adopted, the stockholders in banks, who were corporators, and in one sense partners, too, were liable only for the amount of funds they had advanced to that institution. This provision was adopted, and made them liable, not to the extent of all their private property, but to the extent of the amount they had subscribed and paid into the institution. That seems to me to be the construction of the provision as it at present stands. But if there is any doubt about it I would like to have the article altered so as to make it clear that in addition to the amount of stock which they have paid in, they shall be liable for the amount for which they have subscribed. Because, as I said before, these banking institutions got their charters from the State as a favor. They have privileges which other people in the community do not enjoy. They have the privilege of issuing paper money, and the creditors of the bank and the people in the community in which the bills are circulated, ought to have some guarantee beyond the mere fact that A, B, and C, have put in so much money; they ought to have the security of the personal responsibility of the stockholders, at least to the extent of the stock they had subscribed.

There was a memorable instance occurred under the old system in the State of Maryland. The Bank of Maryland failed. Its issues were large, and were scattered through the community. Poor people held the notes of the institution, and they could not get one dollar, because some of the officers of the bank had squandered the entire amount of the capital of the bank, and they had not property enough, under the bonds which they had given to the bank, to make up the deficiency, and the bill holders had to suffer. And I have no doubt that it was the influence of the disastrous failure of that bank which induced the Convention of 1850 to put this provision in the Constitution. I do not think there can be any doubt about the construction of this section; if there is any let it be made perfectly plain and clear.