

“ The consequence is, that the latter principle of
 “ banking is purely mercantile, and can afford no use-
 “ ful assistance to agriculture whatever. An advance
 “ of money is of no use to the agriculturist without he
 “ is allowed years to re-pay it. Whereas the dubious
 “ credit of private banks renders it necessary that they
 “ should principally limit their advances to the dis-
 “ counting of bills at two or three months.

“ With Joint Stock Companies, however, this is
 “ not the case. If a farmer can produce two persons
 “ in sufficient credit to be his securities, he can open
 “ a cash account, draw out of the bank the sum for
 “ which he gives security, and repay it by degrees, as
 “ the returns of his farm, or success of the improve-
 “ ments in which he has expended it, may enable him.
 “ It very often happens, that many valuable perma-
 “ nent improvements are totally prevented from want
 “ of capital on the part of both landlord and tenant.
 “ The landlord is very willing to allow for such im-
 “ provements by a gradual deduction from the rent,
 “ and the tenant to make them if he had the means;
 “ but the want of this on both sides puts an entire stop
 “ to the improvements contemplated. With a Joint
 “ Stock Bank, however, in the neighbourhood, this
 “ would not be the case; the landlord would have no
 “ objection to become security to the bank for that
 “ money which he had himself ultimately to pay. It
 “ could, therefore, be immediately raised for the
 “ purpose required, and would be discharged by de-
 “ grees, as the rents came round. Even if the land-
 “ lord did not pay for the improvements himself, were
 “ a tenant to show how capital might be expended
 “ with advantage, his landlord could have no objec-

“ tion to become security for the money spent in the
 “ improvement of his own property, the tenant en-
 “ gaging to re-pay it before the expiration of his
 “ lease. Thus, such a bank would be a source and
 “ main-spring of improvement and fertility to the
 “ neighbourhood in which it was placed, while the
 “ business thus done by it would be a source of great
 “ profit to the concern.

“ Hence the establishment of Joint Stock Compa-
 “ nies is a matter of great importance to the landed
 “ interest, independent of remedying the positive evils
 “ which have arisen out of the present system; and
 “ most of the intelligent country gentlemen, who have
 “ been consulted upon the subject, are decidedly fa-
 “ vourable to the measure.”

The simple principle that these banks bring actual capital to the aid of the practical agriculturist, who can give security for it, is what is here proposed, and it must be obvious that no advance of exchequer bills, or any temporary expedient that can be devised, could be either so practicable or so extensively useful to the country.

Not only, however, will the proposed change in our Banking System be of great service both to commerce and agriculture, but an extensive evil will be thereby remedied. During the last thirty years, nearly three hundred Private Banks, principally provincial, have failed. What an immense mass of misery does this present to the imagination. Each failure was an earthquake to the neighbourhood where it took place. The savings of the labourer, the capital of the tradesman, the dependence of the widow, all swallowed up in its dreadful vortex. Could a spectator but see the gene-

ral alarm, the anxious inquiry, the frantic look, and the domestic misery produced, he would be disposed to class such an event amongst the greatest calamities to which mankind are subject. Can a desire possibly exist in any quarter, then, of perpetuating that system from which these evils have sprung?

AN OBSERVER.

London, May 5th.

No. II. Letter, from The Newcastle Courant, referred to in the last Letter from The Times.

BANKING IN CONNECTION WITH AGRICULTURE.

To the Editor of The Newcastle Courant.

By the Pamphlet which you have more than once favoured with your notice, it is shewn to be the result of experience, that public Banks or Joint Stock Companies, in consequence of the unbounded credit which they naturally possess, and their liberal mode of doing business, receive great *permanent* investments of capital. They are, in consequence, enabled to re-issue it in *permanent* advances to those who can give proper security. Whereas private Banks, for want of the necessary credit, have not such large sums deposited with them; nor dare they, for fear of runs, to which they are so subject, make advances, except upon bills, and such available securities, as can, in case of need, be turned into money, through their London correspondents, at any time.

The consequence is, that the latter principle of banking is purely mercantile, and can afford no useful assistance to Agriculture whatever. An advance of money is of no use to the Agriculturist without he is allowed years to repair it. Whereas the dubious credit of private Banks renders it necessary that they should principally limit their advances to the discounting of bills at two or three months.

With Joint Stock Companies, however, this is not

the case. If a Farmer can produce two persons in sufficient credit to be his securities, he can open a cash account, draw out of the Bank the sum for which he gives security, and re-pay it by degrees, as the returns of his farm, or success of the improvements in which he has expended it, may enable him. It very often happens, that many valuable permanent improvements are totally prevented from want of capital on the part of both landlord and tenant. The landlord is very willing to allow for such improvements by a gradual deduction from the rent, and the tenant to make them if he had the means; but the want thereof on both sides, puts an entire stop to the improvements contemplated. With a Joint Stock Bank, however, in the neighbourhood, this would not be the case, the landlord would have no objection to become security to the Bank for that money which he had himself ultimately to pay. It could therefore be immediately raised for the purpose required, and would be discharged by degrees, as the rents came round. Even if the landlord did not pay for the improvements himself, were a tenant to shew how a few hundred pounds might be expended with advantage, his landlord could have no objection to become security for the money spent in the improvement of his own property, the tenant engaging to re-pay it before the expiration of his lease. Thus such a Bank would be a source and main spring of improvement and fertility to the neighbourhood in which it was placed, while the business thus done by it would be a source of great profit to the concern.

Hence the establishment of Joint Stock Banking Companies, is a matter of great importance to the landed interest, independent of remedying the positive

evils which have arisen out of the present system; and most of the intelligent country gentlemen who have been consulted upon the subject, are decidedly favourable the measure.

It has consequently been suggested that petitions from the counties of Northumberland and Durham, for the alteration of that clause in the charter of the Bank of England, which restricts Banks to six partners, ought to be set on foot, in order to permit the establishment of such Banks.

By the Pamphlet above mentioned, it will be seen that the clause in question is a mere error in legislation, and that error too a verbal one, and that the alteration proposed not only offers no injury to the Bank of England, but puts its monopoly upon a better footing. Consequently opposition on any rational principle cannot be offered to the measure, admitting for a moment that the interests of a Bank could be maintained against that of a kingdom. This point, however, as well as the subject generally, is very fully discussed in the Pamphlet alluded to, which has been very generally circulated, and may be also had in all the principal towns of the two neighbouring counties.

Independent of the great national advantages to be derived from the system of banking recommended, the gentlemen of the county of Durham are particularly called upon to express themselves, by the positive injuries from the present system which the county has, within these few years, sustained. It is but a short time since five banks, viz. two at Stockton, two at Sunderland, and one in the city of Durham, failed nearly together, by which at least a million of money was lost. No stronger argument than the evidence of

this fact could be offered, both for the necessity and duty of every gentleman in the county joining to promote any steps that may be necessary to prevent the recurrence of evils so dreadful as these failures produced to hundreds of individuals.

Nor can it be less necessary for the gentlemen of the county of Northumberland to bestir themselves. They have recently had an indication of those evils which Durham has suffered, while the failure of Messrs Surtees, Burdon, and Co. cannot be forgotten. The credit of the present Banks, it must be admitted, leave little room to doubt, that it will be some time before any more disasters can happen of a similar nature; yet, the Banks referred to, and the latter in particular, had a credit as good as the present, or any private Bank, could possess.

No one can feel a greater respect for our present bankers, both as gentlemen and men of business, than I do; and I am very well assured, that even they will not contend, that if we could discover (to speak allegorically) a clear and safe North West Passage, we ought to send our ships to China by the present route, and encounter the hurricanes of the Indian ocean, merely that they might purchase their mutton at the Cape. T.

No. III. Resolutions at Durham.

At a meeting of Gentry, Clergy, Magistrates, and others, of the county of Durham, held at the Grand Jury Room, on Wednesday the 17th of April,

THE RIGHT HON. LORD VISCOUNT BARRINGTON, IN THE CHAIR,

Resolved,—That this meeting are convinced of the superior security afforded by Joint Stock Banking Companies, beyond that derived from private Banks, as well as of their more extensive influence in promoting the Commercial and Agricultural prosperity of a country.

Resolved,—That for the purpose of promoting the establishment of Joint Stock Companies, a committee be appointed, to correspond with other persons impressed with the same sentiments.

Resolved,—That Lord Viscount Barrington, William Thomas Salvin, Francis Johnson, Edward Shipperdson, John Ralph Fenwick, Richard Scruton, and John Ward, Esquires, be a committee for that purpose.

Resolved,—That these resolutions be published in the Newcastle and Durham newspapers.

BARRINGTON, CHAIRMAN.

No. III. Resolutions and Opinions.
At a meeting of the Society, held at the Grand
Hall, on Wednesday the 1st of April.

THE RIGHT HON. LORD VISCOUNT BARRINGTON IN THE CHAIR.

Resolved—That this meeting be continued to the
superior security afforded by the Lord Bishop of
Down, beyond that derived from private friends,
as well as of their more extensive influence in power,
and the connection and agricultural property of a
country.

Resolved—That for the purpose of promoting the
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be appointed to correspond with other persons in-
terested with the same sentiment.

Resolved—That Lord Viscount Barrington, Wil-
liam James Selvie, Francis Johnson, Edward Ship-
man, John Ralph Boscawen, Richard Scroton, and
John W. Esdaile, be a committee for that pur-
pose.

Resolved—That these resolutions be published in
the Newcastle and Durham newspapers.

BARRINGTON, CHAIRMAN.

