

BANKING IN THE BRIGHTON AREA (Cont.)

These two businessmen, Sherman Dix and Alfred Dwight (members of the Board of Directors of Kensing Bank), seem to be true examples of the enterprising speculator who, by their daring, are on the scene when new lands and/or opportunities open. Sometimes described as being ahead of their time, visionaries, they skirt and sometimes overstep the bounds of honesty and caution. As noted, the bank scheme, of which Dix and Dwight were historically the originators, finally brought disaster.

Dix 'repaired' to Texas and engaged in cattle speculations according to one source. However he is listed on the assessment roll as a resident taxpayer in Brighton Township in 18143. (He platted a village, Livingston, in the Woodruff Mill area - Pleasant Valley north of Grand River. The plat was taken to "...New York and easily disposed of the lots to parties in search of Western investments.") Dwight is reported to have become a successful lumberman in the Wyandotte area. He is listed as a commissioner of the Detroit & Shiawassee Railroad Project by an act of the State of Michigan, March 22, 1837. (This project was never begun.) Both men might be described as typical entrepreneurs of the times.

To better regulate and salvage the new state's banking system a state bank was to have been created. But because of the fear of government control of their credit practices, owners of local banks resisted. Michigan citizens, holding worthless bank notes, felt the devastating effects of too much credit with too few legal restraints. (The nation's taxpayers' recent experience with unscrupulous banking administrators is not a new phenomenon.) Following litigation, the Michigan Supreme Court's ruling allowed the directors of banks to avoid punishment. Very few banks survived the 'Free Banking' period. By 1844, the Legislature permanently suspended the practice.

At the Michigan 1850 Constitution Convention the need for banks was recognized along with the need for restrictions which would ensure a sound currency and stockholder protection. Private bankers, with limited capital and no authorization to offer local currency, were restricted in providing local bank credit; altho' the need was there. That decade is perceived to have been one of Legislative vacillation and lack of confidence by the citizens of Michigan.

Michigan was not alone with its problems relating to the transfer of value for something of equal value. It wasn't until the time of the Civil War, when the Confederacy circulated its own currency, that a national currency was issued. It was left to the National Banking Act of 1863 for Michigan to attempt to achieve "...a balance of reliable currency for its farmers and enough local bank credit for its businessmen." (by Marieanna Bair. To be continued.)

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