

PRESIDENT TYLER'S PROPOSED BOARD OF EXCHEQUER.

The plan of a Fiscal Agent.

Public curiosity, which has been on tip-toe these two weeks for a full view of the Fiscal Agent of which an outline was sketched in the President's Message to Congress, is at length gratified. Just before the House of Representatives adjourned on Tuesday, the Report of the Secretary of the Treasury, with the accompanying Bill, which will be found in the following columns, was received; and we have had no time in spreading it before our readers. In this Report and Bill the reader will find, in all its details, the plan of a Fiscal Institution, to be under the direction of "a Board of Exchequer," with agencies in the several States and Territories.

We shall not detain our readers from the perusal of the Report and Bill by any remarks of ours. The Report is of a character to command universal attention; and the whole scheme, considering the circumstances under which it now presents itself, is entitled to calm and dispassionate consideration.—*National Intelligencer.*

THE REPORT.

The Secretary of the Treasury, in compliance with the resolution of the House of Representatives of the 15th instant, has the honor of submitting the draught of a bill for the establishment of a Board of Exchequer at the seat of Government, with agencies in the several States and Territories.

In preparing this bill, it has been his intention to keep within, and to fill up, the general outline of the measure, as proposed in the message of the President at the opening of the session; but he does not flatter himself that it will be found so perfect in its details as not to require modifications and careful revision by the two Houses of the Legislature.

As this measure has, necessarily, been for some time under the consideration of the President and his confidential advisers, the undersigned is directed by him to accompany the bill with a general exposition of the views entertained by him, and concurred in by them, respecting it.

In what manner and under what securities the public money shall be kept; in what manner, or whether in any manner, this Government shall attempt to supply a sound paper medium for payments to the Treasury, and for the general uses of the people; in what manner, or whether in any manner, it shall attempt to benefit the general business of the country, by furnishing facilities of exchange, are questions which have not ceased to agitate the community for eight years. Upon these questions much opposition of opinion has prevailed, and ardent and intense political controversies and struggles have been founded. It is time that this state of things were brought to an end. It is time that such provisions were made for the custody of the revenue as that the people may feel that the public treasures are safe. It is time, too, that, in relation to currency and exchange, individuals may know what they have to expect, or whether they may expect any thing from the measures of Government. Doubt and uncertainty in this respect constitute the worst of all conditions. They affect every man's means of living, and, instead of giving encouragement, and applying a stimulus to individual exertion and effort, check the hand of industry, suppress the spirit of enterprise, and bring stagnation and paralysis upon the productive powers of the country. On subjects so vitally connected with man's personal and domestic welfare, the people have a right to require that what is to be done should be done without further delay, in order that they may accommodate themselves to the policy of the Government, whatever that policy may be, and be prepared to give a corresponding direction to their own industry and business. The great want of the country is the want of confidence; confidence in the steadiness and stability of the policy of the Government; confidence in that which regulates the value of property and the wages of labor; and confidence in the establishment and preservation of the necessary and ordinary means of exchanging production against production, and of buying and selling with security, so that the intercourse between different parts of the country may be carried on with its former activity and usefulness. The object of the plan suggested to Congress in the President's message, and now presented for its consideration in the form of a bill, is to establish this confidence, and to give the country tranquillity. It is designed to terminate contentions of long standing, and to restore that peace, quiet, and satisfaction with the state of public affairs, without which men cannot pursue their vocations either with cheerfulness or with success. Amidst the conflict of widely differing opinions, a measure is recommended which avoids extremes on both sides. It proposes less, far less, than many think it desirable that Government should do, or attempt to do, and at the same time far more than others are ready to recommend. It aims at a just medium, a common ground, on which those may consistently stop who might yet wish to go further, and to which they may advance without self-reproach, who would nevertheless have desired to fill short of it. It does not attempt to collect a capital by private subscription, for the general purposes of loans and discounts, and therefore does not propose to perform the ordinary functions of a bank. On the other hand, it does not propose to lock up the public moneys from the time of collection to the time of disbursement, nor to demand specie payment for every debt due to the Government; making no attempt at the same time, to furnish the country with either currency or exchange, and entirely contenting itself with securing specie payments to the Treasury. In these respects it differs from the system established by the law, now repealed, generally called the sub-Treasury act.

It is not intended here to discuss the respective merits of these two systems, which

may be regarded as extreme opponents of each other. But it may be proper to say, in regard to a Bank of the United States, that if there were in no quarter any constitutional objection to the creation of such an institution, it would nevertheless not have been recommended to Congress in the present condition of things, as a measure likely to afford relief to the country. Such is the condition of the currency, in many of the States, such the deplorable depression of general credit, produced by that condition of the currency, and by other causes, and such the existing pressure in the money market, arising, as is believed, in a great degree from want of confidence, that there is little probability that private subscriptions payable in specie, would be obtained to any bank with an ordinary charter. This opinion is strengthened by the fact, that six per cent. stocks of the United States, now in the market, go slowly and heavily into private hands; and although this is doubtless partly attributable to the short period within which those stocks are made redeemable, yet the general fact concurs with other reasons in producing a full conviction that it would be useless, at the present moment, to attempt the creation of a bank, with a capital to be furnished principally by private subscriptions, and intended to discount, through its branches, bills and notes in all parts of the country, even if constitutional objections were out of the way. And in regard to the sub-Treasury system, it is perhaps enough to say that it is supposed a return to that system at any time hereafter is an event highly improbable.

Between these—a Bank on the one hand and the system of the sub-Treasury on the other—the present plan is offered, seeking to avoid the objections which exist to each, and to accomplish to some extent, the good designed by both. The plan, such as it is, will be received and considered, it is not doubted, in a spirit of candor and conciliation, and with a disposition, not so much to prevail in the pursuit of what may be unobtainable, as to turn to the greatest practical advantage of the country the use of all those means the employment of which may be expected to meet the general concurrence.

The bill now submitted may be considered as having three principal objects in view:—1st. The safe keeping of the public moneys. 2d. The furnishing, as well for safe and convenient payments to the Treasury as for the use of the country, a paper circulation always equivalent to gold and silver, and of universal credit. 3d. A provision for supplying, to some extent, the means of a cheap and safe exchange in the commerce between the several States.

Of the high importance of the first of these objects, no one can entertain a doubt. The public moneys are received by Government, from the people, for the necessary uses of the country, according to the Constitution, and ought ever to be esteemed a sacred trust. They are earned by the industry of the people; and, while safely guarded, and applied only to really necessary and constitutional purposes, will be cheerfully contributed by a patriotic community. The people have a right to be as safe as good laws and a faithful administration can make them, against both waste and loss. It was the remark of the late President, striking by its brevity as well as its truth, that every dollar lost by unfaithfulness in office tends to create a new charge upon the people; and this truth cannot be kept too fully or too constantly in view.

Debts and dues according to the U. States are paid, in the first place, into the hands of the appropriate collectors and receivers. In these hands the safety of the funds is supposed to be secured by the integrity and care of the officer, and the sufficiency of his official bonds, and by the enforcement of a strict and a strict system of frequent accounting. In the early history of the Government, and sometimes at more recent periods, when public moneys were to be used for their proper purposes, the drafts of the Treasury have been made directly on these first recipients. At other times, and when there has been a bank of the United States in existence, the law has required that those moneys should be deposited in such bank.

By the act of June, 1836, it was provided that public moneys should be deposited in certain State banks called deposit banks; and, finally, by the sub-Treasury act they were to be kept by the mint and its branches, and by certain officers called receivers-general.

In all these modes of securing, or attempting to secure the safety of the public treasures, it is obvious that the main reliance, after all, has been placed in the integrity and honesty of public officers; there being superadded, however, in the case of deposits with banks, the guaranty supposed to be afforded by their capital; and, in the case of individuals, a security by the execution of official bonds, with responsible sureties. But in none of these modes, any more than in any thing else which becomes the subject of human trust in human hands, could it be affirmed that the funds were absolutely secured, and safe beyond all possibility of loss or danger.—Committed to the care of the deposit banks—to the skill of their officers and the pledge of their capital, we know from experience that the public money was not safe. Deposited with a Bank of the United States, although no loss ever actually happened from such deposits, we now see enough to know that there was danger, and that the safety of the public money depended upon a degree of discretion in the management of the institution, of the existence and continuance of which we had not, and could not have, perfect assurance. And, under the operation of the sub-Treasury law, every thing resolved itself, at last, into confidence in the honesty and integrity of agents, and the sufficiency of their bonds. There were, it is true, chambers and vaults, with thick walls and strong locks; but human hands held the keys. Under that system of public custody, the same temptations existed

which surrounded doubtful principles of other high constitutional duties; and the public funds will be in their proper place, entirely beyond his reach or control, until Congress shall appropriate them to their destined purposes. From that time they will go into the hands of disbursing agents, as the public service may require, protected still by official responsibility and adequate bonds, and still beyond any interference by the Executive power. In the Exchequer, therefore, the public treasure will be safe—safe against the usual causes of loss and danger, and safe from Executive control.

But the Exchequer is expected to do more than merely to keep safely the public money.

Its second object is to furnish a sound paper circulation, in which debts to the Government may be paid, and which may also be useful to the commerce and general business of the country. The first of these functions is purely fiscal; and the instrumentality of such a paper medium; in certain exigencies of the country, may become indispensable to the exercise of the highest duties of Government.

In so reasoning upon this subject, as to come to any practical conclusions, it is necessary to consider some things as settled and certain. Among these, one of primary importance is, that a paper circulation exists in the country, and that there is not the least probability of its ceasing to exist.—The States possess the power of creating banks of circulation; they exercise this power; many of them derive not unimportant revenues from its exercise, and some of them even have established banks, of which they are themselves proprietors. No man can reasonably expect to see the day when they will relinquish this power, or refrain from its exercise.

In the next place, experience has confirmed the truth, beyond the possibility of doubt or question, that paper of State banks cannot be of universal circulation and credit; there never has been, and there is not now, any one State bank whose notes pass readily from hand to hand, as equivalent to specie, over all parts of the country. Many of these local institutions are perfectly sound, are well administered, and their credit in their own neighborhood entirely good and unquestioned. But, from the very nature of things, their credit is and must be local only. It can never be universal.—The people are acquainted with the institutions of their own respective States, and generally understand the ground of the claims of such institutions to confidence and respect. They pay attention also to what ever is established by the General Government, because they have an interest in the laws which it passes. But the people, that is to say, the great mass of productive earners of one State, cannot, generally speaking, be acquainted with the moneys of institutions of other and distant States. In most cases, they do not even know such institutions by name. How, then, can they give them their confidence? We see they do not give it, even where it might be most safely bestowed. They prefer the paper of their own banks, because they have confidence in the institutions of their own State, and because they know the amount of depreciation on the paper of such banks, whereas of the value of a note of a distant bank they are wholly ignorant. But this knowledge, which the great mass of the community does not possess, brokers and money dealers do, and they use it skillfully to their own advantage. A farmer of Virginia will hesitate to receive in payment a New York note. He will prefer Virginia paper, although he knows it is not equivalent to specie, because he can form some opinion of its value, while of the New York note he knows nothing. But the holder of the New York note, at the same time, is able to dispose of it at the first broker's office at a large premium.

Every man in the habit of observing what passes around him must see every day the existence of this state of things; and its inevitable consequence is, to throw the loss of depreciation on the laborious and productive classes. Wherever bad paper circulates, it is the industrious and the hard-working who suffer first, and suffer longest, and suffer most.—But it is not intended to pursue this part of the subject farther than to illustrate and confirm the truth, that no State bank, founded on whatever capital, administered by whatever degree of fidelity and skill, can obtain that familiar character, and that established and well-known credit, which shall give its bills circulation through all classes, in any amounts, and in all parts of the country.

Now, another most important truth, equally well settled by experience, is, that paper issued for circulation, under the authority or with the sanction of the Government of the United States, does acquire and retain this advantage of known and unquestioned character and universal confidence. No matter whether the note or bill present itself in Maryland or Missouri, Maine or Georgia, if it promise payment in specie, on demand, and that promise be supposed to be guaranteed by the character and credit of the Government, it springs immediately to a value equivalent to specie. The impress of the National Government, connected with the fact of its immediate convertibility, stamps the paper with a mark of perfect and universal reliance, because all the People, in all the States, are alike acquainted with its proceedings, and have like faith in paper to which it gives its sanction. We seem to be called upon, therefore, to act on this subject with three important truths made clear before us: first, that a paper circulation will continue among us; second, that no paper circulation of universal credit can ever be furnished by State banks; third, that such a paper can be furnished under the authority of the Government of the United States.

It is under the influence of these realities that it is now proposed to issue, to some extent, a paper currency, according to the provisions of this bill. Its uses are expected to be two-fold. In the first place, as already stated, it will furnish a safe paper medium, in which payments may be made to Government of all debts and taxes.

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Few persons, perhaps, are sufficiently impressed with what would be the value of this, in certain emergencies.

Debts to Government are now to be paid in specie, or the notes of specie-paying banks. Let us suppose that some exigency should come suddenly upon the country, requiring the immediate assessment of heavy taxes, and that the same exigency should compel all the State banks to suspend specie payments. In such a posture of affairs how could taxes be paid? Of specie there would be little to be had; of the bills of specie-paying banks, none. Government would be driven by absolute necessity to the use of paper resting on its own credit, and created for the occasion. It would have no other resource. All must see how vastly useful the system now proposed would be, upon the happening of such an emergency. The Exchequer would be found in operation, and in possession of a certain quantity of specie; its notes would have become familiar to the public; it would have in addition to its specie and its own established character, the amount of revenue, whatever that amount might be, to sustain its circulation. It would furnish notes for disbursement, and receive them for taxes. With these means, and by faithful and skillful management, though it might be embarrassed by the prostration of other institutions around it, it would still retain its own credit; and that credit would be a vivifying and fruitifying germ amidst general blight and barrenness.

But this part of the bill has another purpose equally or still more important. The measure is intended for the People as well as for the Government. The issue of Treasury notes always redeemable in gold or silver, and the use of them in payments from the Treasury and in the purchase of exchange, cannot but be beneficial, if it is conceived, in a high degree, to the whole commerce and all the business concerns of the country.

In this part of its operation the system presents itself as beneficent and productive of essential good. It seeks not Government emolument or Government convenience only, but the public good, the good of the People, in the largest and most comprehensive sense. Its effect is to give to the People, to their labor, and their internal trade, the activity of funds which would otherwise be locked up, and to give them, at the same time good money. It employs those funds to sustain credit, to supply a sound currency, and to favor useful intercourse between the States. And it does this without assuming undelimited powers, without alarming the jealousy or wounding the pride of the States.

Yet it cannot with any justice or propriety be called a Government bank. The essential elements of a bank are still wanting to it. Government seeks not to fill its own coffers by discounts, or to make gains for the sake of its own credit, or to make the issues of the Exchequer a substitute for revenues in order to meet its own necessities. Nor does it propose to inflict on the People the evils and the scourge of an irredeemable Government paper, because no paper is to be issued which is not payable in gold or silver on demand—all paper thus resting on the double basis of immediate convertibility and the public faith. It is not easy to conceive how any paper intended for circulation could be more safe or more useful for the purposes of commerce; and it is believed that it is just such a paper as the wants of the country loudly demand.

The extent to which this paper may be issued and circulated, it must be confessed, in some degree uncertain. This must depend on the amount of revenues collected and disbursed, and on the degree of success which may attend the operations provided for by another part of the bill. But whether the circulation of the notes of the Exchequer be large or smaller, it must, so far as that circulation shall extend, be favorable to all interests. It cannot but conduce to the public welfare that there should be, in every part of the country, some one institution, or some one agency, which shall be of undoubted credit; and whose issues, be they great or small, shall be equivalent to coin.

If the circulation of the notes of the Exchequer from hand to hand, in the common business of life, should be found to be small that fact will arise from one or the other of two causes, or from the combined effect of both. If the amount issued should be small then of course it can only fill the channels of circulation to a limited extent. And while the paper of the State banks shall continue depreciated and yet remain in circulation, Treasury notes, it is highly probable, will often be taken out of the circulation and used for the purpose of remittance. This limited circulation in such a case would arise from their superior value in comparison with the value of other paper. It would not be owing to want of confidence in them, but to their possessing the highest degree of confidence.

But if such use of Treasury notes should take place, and should diminish the amount circulated in daily transactions from hand to hand, yet that use itself would confer a general benefit of great importance, inasmuch as all such remittances perform the office of furnishing safe and cheap exchange and co-operate directly with the results hoped to be produced by another provision of the bill. But if the exchequer and its agencies be allowed to deal in exchange, this use of its notes, although it might exist to some extent would be far less considerable.

Among possible objections to the issue of redeemable Treasury notes, one may be, that they will be returned on the Exchequer for specie for exportation. States and companies, it is known, owe heavy debts in Europe, and these States and companies it may be fancied, will obtain Treasury notes, harass the Treasury by demands for specie, and send the specie thus obtained abroad in discharge of their own obligations. A few words may dispel such imaginations.

In the first place, the argument, if it prove anything, proves too much; for it proves that for the same reason all specie paying banks ought to cease specie payments. But

the truth probably is, that these States and companies find less difficulty in lighting on some convenient mode of remittance than on commanding at the present moment the means of making remittances in any form. The general depression; with the co-operation doubtless of other causes, has suspended the power of obtaining such means. We must continue to hope that, under a better state of things and in better times, this power will revive, and when it shall, we must look to our crops, to our freights, and to the general earnings of our industry to enable us to meet the claims of creditors abroad. In the mean time, since neither States nor companies can obtain loans of Treasury notes, nor otherwise possess themselves of them than by buying and paying for them, we need not distress ourselves with apprehensions of runs on the Exchequer from that quarter.

It remains to say something upon that part of the bill which authorizes the Exchequer and its agencies to buy and sell domestic exchange, under certain limitations and restrictions.

That an institution founded on a more extensive plan, with a larger moneyed capital, which should deal in exchanges on a broad scale, buying bills at long dates or accepting bills on security, in order to enable drawers to anticipate their means, and thus afford capital and credit, as well as exchange, strictly speaking, might, but for the dangers attending it, produce more benefit than that now proposed, may be safely admitted. But such a scheme involves the idea of making loans and advances, of venturing largely on the strength of personal security, and entering in no small degree into the hazards of commerce. No such purpose is intended by presenting the present bill to the consideration of Congress. On the contrary, the utmost concern has been felt to guard the proposed measure against all tendencies to such a system of exchange operations.

In all its purposes, it looks to currency and to exchange, not to lending or to discount. And it may well be a matter of serious consideration, whether such large powers of discount can be safely lodged in private institutions, with the power of making such discounts by the use of their own notes.

The supervision and regulation of currency belong to Government; the business of commerce and the borrowing and lending of money to individuals. And perhaps no conviction is more rapidly taking possession of the mind of enlightened men, than that Government should not commit the high and important function of superintending and regulating the currency of a country to the hands of those whose occupation consists in making loans and discounts, whether on promissory notes or bills on time. Whenever a bank makes a loan, or a discount, by the issue of its bills, it adds so much to the circulating medium of the country; and, in the absence of all other regulation or restraint, several hundred banks, whose palpable interest it is to increase the amount of circulation, are to decide, each in the exercise of its own discretion, to what extent that augmentation shall be carried. That such a system there must be some check, or that, in the absence of all such check, the omission of paper will be continually tending to excess, must be manifest to every reflecting mind. It is not proposed to enter fully into this subject at present; but as it has already in other countries, so it must necessarily ere long in this, command the most serious attention of Government.

It is hoped that the measure now proposed to Congress will have some effect, at least, in counteracting the tendency to excess in bank issues. While it may not accomplish all that is to be desired, it is believed it will affect something. To the extent of its means employed, its operations will be calculated to restrain issues and to correct excesses; because, in the first place every accession of good currency to the general mass; tends either to render the bad worthless, so that in time it shall all give way to a better, or to compel those who issue such bad currency to raise its value by preparing for its redemption. If good currency could be put into circulation in such quantity as to meet the uses of the country it must of course expel the bad, or bring about a change of its character; although it is equally true that, while the great mass be bad, and while it yet circulates, not having become entirely worthless, it is difficult for a small amount of good currency to share in the general circulation, since it is liable to be selected from the mass for purposes which that mass will not answer.—And, in the second place, the Exchequer will act beneficially in this respect, by holding all State banks with which it may have dealings to a punctual performance of their obligations, and bringing them to an immediate settlement for such of their bills as may find their way into it, or into any of its agencies.

It is not intended to say that the proposed measure will of itself be able to arrest the progress of the great evil of excessive bank issues; or that Government may not be obliged, hereafter, to adopt other measures. On the contrary, as already suggested, it is apprehended that these evils may yet imperatively call for other remedies. But it is believed that it will have a considerable effect, should its operations be as successful as is anticipated, in checking and limiting what it may not be able entirely to suppress.

But there is another very important consideration connected with this part of the subject. One great object of the whole measure is to furnish a sound currency in the form of Treasury notes, redeemable on demand in specie. These notes can get into circulation, and be kept in it, only in two ways: first, by payment in such notes of debts and demands on the Treasury; and second, by buying domestic exchange.—And it is the last of these modes which is most confidently looked to as furnishing an active and continual circulation of this paper. When issued in Government payments, at distant points, the general tendency of the notes will be from those points to the great Atlantic cities, according to the