

STATE ON THE SUB-TREASURY SYSTEM.

By Mr. King, of Georgia, rose, and, in a speech of more than three hours in length and much decision, delivered his views of the various questions involved in the subject before the Senate. The following presents a brief outline of some of the points touched on in his interesting address. He said he had felt great embarrassment during the whole of the session in regard to the propositions of Mr. Rives and Mr. Calhoun. He was not now entirely in favour of either. He had been always opposed to the State bank system, and had predicted the disasters which have followed its adoption. He insisted that it had not only failed, but was an entire failure from the beginning—a system of fraud and deception. It produced speculations in the exchanges, by the officers of the banks who were expected to regulate them; the alleged facilities of exchange were merely nominal; and he adduced instances to show that shuffling to a great extent upon them, had been carried on. The Specie Circular had increased the amount of shuffling; and he adduced instances of enormous profits derived by the banks in the city of his residence. He expressed the belief that the currency and exchanges, had as they of course were, were made still worse by the interposition of the President.

Mr. K. had been rather inclined to favor the sub-treasury system, till the argument of Mr. Benton convinced him of its inexpediency. He ridiculed Mr. B.'s precedents, drawn from the Roman empire, from Napoleon, from Spain, and from Turkey, and characterized their financial measures as those of plunder, oppression, and blood. Mr. Benton had entirely frightened Mr. K. from the support of his sub-treasury system as modified by Mr. Calhoun.

Mr. King expressed the hope that he would find himself able to support the present administration; but he must speak the truth. The message, he said, was greatly erroneous in several particulars, which he proceeded to show, mostly from authentic statements of other documents. By these he proved that the paper currency in England had not been expanded, as the message alleged; that there had been no increase of speculation there; that the value of the currency there had been increased, and not depreciated; that there had been little or no augmentation of loans in England; that no universal commercial distress had occurred there, except what was owing to its commerce with this country; and that in England there had been no overtrading. Mr. K. expressed extreme regret that these errors of the message had gone forth to the world, and been believed as truth, when there was no truth in them. He deprecated the importations of specie which had been forced into this country; and argued that this forced mass, instead of going into the circulation of the country, went into banks, and served as the basis of excessive paper issues. The \$20,000,000 of foreign debt, in March last, as stated by the message, he thought an error, since more than \$22,000,000 of such debt had been paid since that period.

Mr. King then entered into an elaborate and interesting financial investigation, to show that the system adopted, and acted upon by the Administration had been a vain warfare against the natural order of things in commercial transactions. They had unavailingly forced gold and silver into the country from England, and then endeavored to keep it there, despite of the natural causes which led it to flow backwards and for-wards; but by this violent procedure, the bank of England had been obliged, in its own defence, in order to prevent its own vaults from being drained of all their specie, to put a stop to American credits, and call in its debts. If it had not done so, it would have been forced to suspend. Now, if the natural laws of trade had been allowed to prevail—if the merchants of this country could have been allowed to obtain specie to pay the debt, and could have remitted it to England, no embarrassment would have followed; but the specie which they required was drained away to the West by the unnatural and violent process of the specie circular, in consequence of which a scarcity of specie was created on the Atlantic board. The effects of the specie circular, while thus ruinous to the commerce of the East, were not less disastrous to the trade and business of the West. The banks there were drained of specie by its operation; it was, in fact, the commencement of a general run upon them, begun by the Government itself; a most impolitic and fatal procedure. Thus embarrassments were created on all sides, by attempting to force things to flow unnaturally in channels contrary to the course and order of trade. Thus, a run against the trade and trading institutions of the country (and, by consequence, against all the people of the country) was instituted and carried on by the very Government of the country itself, and against its own country! a suicidal course which, perhaps, had no parallel in the history of the world.

Among other positions, Mr. K. brought forward the following, which he maintained with various arguments, and illustrated with clearness and force:

1. The banks are not broken and insolvent merely because they do not pay specie. Specie is made to be an article of merchandise—it is no longer an item of currency. The premium which Government has put upon it has driven it off from being currency. It never can become current and be a currency so long as Government, by its exclusive measures in reference to specie, forces it up at a premium; that is, to drive it out of the general currency. It is now a commodity kept in brokers' shops, ready for sale, as any other merchandise.

2. The adoption of a hard money currency, and the exclusion of a paper currency, would be equal to the confiscation of one third of the property of every individual of the country.

3. The paper currency of the country is not, as it is represented by some, now depreciated in value. On the contrary, it has risen in value, and is now, at this moment, above the value which specie bore before the suspension. For land, houses, and other property, can now be purchased with good current bank notes, for less than the same could have been purchased before the suspension with gold or silver, when by the relative excess of the currency, it was less valuable than now. Therefore, paper is now at a less depreciation than when there was a currency of gold and silver and paper—that is, before the suspension of specie payments.

4. The results of the specie circular, by its acting in violation of all the laws of exchange, were most ruinous. Such were the results of what the Senator from Missouri (Mr. Benton) called the "glorious—glorious—specie circular" [referring to the language used by Mr. Benton a few days ago.] (Here Mr. B. nodded assent, and said "Ay, glorious.") We now, however, (said Mr. King) have found that this glory had somewhat depreciated, like some bank rags, and from the same cause, namely, that it was found not to rest upon a very solid basis. We now, he said, behold our Government insolvent and disgraced in a time of profound peace; our young and prosperous nation branded as a nation of fraudulent bankrupts and swindlers—its merchants bankrupt; its manufacturers languishing in illness and distress; planters ruined, and two thirds of the working class threatened with actual starvation. So much, said Mr. K. for glory. Mr. K. thought this too much glory to be endured any longer.

Mr. King called upon his political friends to join him in restoring the control of the finances of the country to Congress, and rescuing them from exclusive executive legislation. Mr. King did not say that there had existed no disease in the banking system; but the methods adopted to cure the disease were just as bad as if a physician were to turn a man heels upward in order to cure him of an apoplexy.

In relation to the Bank of the United States, Mr. K. spoke with great energy and pointedness. He said the fate of that bank was very extraordinary. But before he could venture to utter a word in favor of that institution, he felt he must give his reasons for so speaking, for whoever now would open his mouth in its defence was obliged to defend himself as if he were a felon of the law.

It had grown in the bosom of a life of liberal and virtuous administration. Mr. K. was a democrat in all that a real democrat should be, and he used the word as such; he disused all "isms." He went for an economical administration, and no one should find any word of democracy on his lips, but Tyranny and Plunder in his heart! He would *burn no false fire* from heaven to save the Devil in Hell. He was a democrat from his youth, and when he first entered upon public life he found the bank of the United States established by the democratic party. His party established this bank in 1816; that was the remedy then proposed and found efficient; and from the time of its establishment to the period when it was put down, we had a currency better than any other nation was ever blessed with. Such an institution, in fact, seemed necessary to the Government of the country. No country having a mixed currency could do without it. It was necessary to trust the finances of the country to some agency. The fate of this bank, established by the democratic party, Mr. K. said, was extraordinary; and he proceeded to show the injustice and inconsistency of the Administration towards it. If Mr. Biddle lay down, he was useless; if he stood up, he was impudent; if he sat down, he was suspicious. If he expanded, he was bringing the country; if he contracted, he was ruining the country. If he imported specie, he was speculating upon the country; if he exported specie, he was conspiring against the country. In short, whether he passed above or below the President, he equally muddled the water. Mr. K. referred to an attack on the bank by Mr. Niles, for not exporting specie in 1832, and compared that with the late policy of the Administration in regard to the exportation of specie. In truth, Mr. K. went on to say that institution had, by snipping five millions of specie, performed an operation more favorable for this country than ever could be expected from an institution which had been warred against as it had been.

Mr. K. referred to all these things to vindicate himself and others who have always entertained these opinions of the

bank; and not meaning to indicate any course on his part in relation to a bank variant from the opinions of the mass of his constituents, which, when he has heard from them, were, he believed, adverse to a national bank.

Mr. K. made also a number of remarks in defence of the Bank of the United States against the charge of having used its influence for political purposes. He denied that the bank had meddled in the politics of the country, and he dared any man to place his finger on a single instance in which the bank had done so, at least before the late President had commenced his war on the bank—a war which originated in the refusal of the bank to make its management subservient to party purposes.

Mr. K. next referred to the declaration made by Mr. Calhoun on a former day, that he would not now take the Bank of the United States as a bank of public deposits, even as a State institution because after the war against it, it would give the bank a triumph over the Government. Mr. K. confessed himself shocked by this declaration. A triumph? Mr. K. exclaimed; a triumph against the Government! What Government? Mr. K. had thought that the Government of the United States consisted of Congress and the President. But did the gentleman mean the Government of the *Herald*, or the Government of the *White House*? Mr. K. dwelt on this topic with point and strong feeling.

Mr. K. here again referred to the condition of the country, and observed that the last four years had brought more grey hairs on the head of this young and vigorous country, than ought to have grown there, in a quiet and ordinary administration of the Government in a whole century.

Mr. K. continued to debate on these and various other kindred topics, and concluded by expressing the hope that one and reflection would lead to bring about wiser views and greater harmony of action on the momentous subject; and to give time for this, concluded by moving a postponement of the subject till the first Monday in December next.

After some explanatory and interesting remarks by Messrs. *Strange, Niles, Calhoun, and Rives*.

Mr. TIPTON rose. He said, the question now under consideration was of so much importance to the People of the State, which he had in part the honor to represent here, that he felt it to be his duty to claim the indulgence of the Senate a short time, whilst he gave his views on some of the topics that at this time engaged the public attention from one end to the other of the country. In a time of profound peace, surrounded, as we thought, by all the elements of prosperity, we are suddenly arrested in our onward march by a wide-spread desolation; commerce crippled, public credit injured, private fortunes ruined, and the public treasury bankrupt. The late session of Congress had just closed, the members had scarcely time to return to their homes, when we are summoned to return to Washington to legislate the Government out of its difficulties, and we find ourselves here, in September instead of December, engaged in deliberation on the mode and manner of relieving the distress of our country.

The inquiry naturally addresses itself to every mind, why is this so? What has produced it, and what is the remedy to be adopted? The honorable Senator from South Carolina, (Mr. Calhoun) when he proposed his amendment to the bill under consideration, a few days ago, told us that this question should be met boldly and manfully; to use his own words, let every one (said he) show his hand. I (said Mr. T.) respond to that noble sentiment of the honorable Senator; the question should be met boldly and fairly; this is a time of deep anxiety to our constituents; there should be no skulking among their public servants; every one should speak freely of the causes which have produced the present embarrassments—and act promptly on such measures as will relieve the People.

It was his opinion that the putting down of the Bank of the United States was the first step to the present embarrassment; the transfer of the public deposits from that bank to the local or State banks constituted these institutions to extravagant issues far beyond their ability of redemption; they discounted notes on the public deposits, extending their lines of discount beyond the bounds of prudence; the people in the neighborhoods of the banks, finding that bank accommodations could be had with facility, entered largely into speculations in public lands, town lots and other property; extravagance in living as well as in dressing increased their indebtedness; in a word, the whole country over-traded, ceased to labor, and contracted debts beyond their ability to pay—specie loans were uppermost in the minds of every one.

The Executive of the United States, seeing the public domain rapidly exchanging for credit on the books of the banks, determined to check it, and issued his Treasury Order of July 11th, 1836, directing that nothing but gold and silver should be received in payment for the public lands. Under the operations of this Order, those engaged in purchasing public lands had to procure bank paper, draw the specie from bank, and transport it to the land offices; it was no sooner put into the land offices than the receiver of public moneys deposited it again in

the banks to the credit of the Government; thus the indebtedness of the banks was daily and rapidly increasing; the bankers, fearing that the public deposits would be called for to meet, because alarmed at their own condition, closed their doors, and suspended specie payment, thereby putting it out of the power of this Government to pay the public debt according to law, in specie or its equivalent.

This (said Mr. T.) is a brief statement of the causes which have produced the present embarrassment and distress that surround us; it was an unfortunate tampering with the currency and the public deposits by the Executive of the United States. Our troubles have come sooner and higher than they would have done had the Treasury Order never existed.

Now for the remedy. The bill reported from the committee on finance, imposing additional duties on public lands, as he indicated it, intends to enable the Government to purchase banks, and to authorize the Treasury Department to keep and discharge, as well as to hold, the whole interest of the Government, drawing with public lands, and to consolidate them. This, he thought, might well be questioned, as it would be a portion of the public property, and a shock to the public mind, and a retrograde step, and would be a violation of the Executive and of the Government. He would not declare in advance that he would oppose it, but he would be slow in yielding to its approval, and he hoped it at a later period, might be found. He had never been an advocate for issuing a letter of State or local banks, or for agents of the Government; they contented within themselves amongst principles, each possessing separate views, and looking to the interest of their own establishments they cannot or will not act together in transmuting or denaturing the public money of the United States; and so long as they are used as depositories of the public money, embarrassments and occasional losses may be expected.

Mr. T. said that he was opposed to taking any course here that would have a tendency to cripple or to break down the State Banks; the people were encouraged to establish State banks, to keep down a Bank of the United States; they had vested their capital to a very large amount in these institutions; many of these banks were perfectly solvent and safe; none more so than the banks of the State from which he came. The banks of Indiana were waiting to see what Congress, the Executive, and other banks could or would do, intending, at an early day, to resume specie payment, and honestly to redeem all their paper, and he could give no vote to discourage or procrastinate so desirable an object.

It was true that the banks had not acted well in suspending specie payment and embarrassing the Government, but we should deal mercifully with them; a single breath from the Executive, saying to the State banks we will no longer receive your paper in payment of duties and sales of the public lands, will strike fifty per cent. off the value of all the property of our constituents vested in these banks, indeed, of all the property of every description; and he was not prepared to sanction such a course. In the language of the West, give us hard office money; whatever will buy land, is as good as gold—is at par in all money transactions in the Western States. No matter however old or ragged paper may be, if it contains words, letters and figures enough to be receivable for public lands, it is as good as gold, and it matters not what kind of money it may be; if not received in the land office, it is of uncertain and changeable value. It finds its way into the hands of the poorer class of the community; they are liable to be imposed on and shamed by the rich, in whose hands the better currency was always found. This would be the effect on the Western people, if we refuse to receive the paper of their banks in payment for the public lands, and he left it for the Senators representing the interests of banks east of the mountains to say what would be its effect on the interest of their constituents, should the General Government refuse to receive their bank paper in payment for revenue; above all things, Congress should establish and maintain a uniform currency. Have gentlemen forgotten how terribly the honorable Senator from South Carolina (Mr. Calhoun) described the influence of this Government on currency the other day, when he said, if the United States would but endorse the note of the beggar, it will pass at par; and will that Senator now ally to a very large proportion of the people of this country, we cannot receive the paper of your banks for public dues, when by that single act he will bankrupt thousands who have strong claims both on the justice and the clemency of this Government?

Mr. T. said he would not detain the Senate by an attempt to show what effect the measures before it would have on our commerce or exchanges; he left that to able hands. He pretended only to take a plain common sense view of the mischievous tendency on the interest of his immediate constituents, and to enter his protest in their behalf against the ruinous consequences that must follow the passage of the bill with the amendments proposed. He said the course that he had marked out for himself to pursue, compelled him to vote against the amendment proposed to this bill by the honorable Senators from South Carolina and Missouri.

His amendment, if adopted, looked a refusal on the part of this Government to receive or to issue, in its ordinary transactions of this Government, the paper of all banks, and a return to metallic currency. This, he said, he well on paper, but it was impossible, in his opinion, to reduce it to practice. There surely was not metal enough to supply one-half the business transactions of this great and growing country. It was on a mixed currency, partly paper issued on a metallic basis, that our country reached the summit of its prosperity, and who could ask more than to be paid where we were in 1831?

He would vote for the proposition offered by the Senator from Virginia, which came up. It looked more like preserving the property of the People, than the State banks. Let us collect from the late depositors the public money, give it their value; but in doing so, let us guard them to pay us without emptying these institutions. This would enable the banks to discharge their obligations, and go far to relieve the embarrassment under which our country was suffering. He cared not what those in high places thought, he considered the duty of the Government to relieve the People, who could be done with an eye to public justice. Congress now had the power of relief, and, in his opinion, this was a proper occasion on which to exercise it.

The frequent charges, brought against the President in his message, against Congress, against the Bank of the United States, had a tendency to divide the People, and we all were weary of the daily. The constant war between the banks and the Government, the Secretary of the Treasury, and the Secretary of the Treasury, had a tendency to divide the People, and we all were weary of the daily. The constant war between the banks and the Government, the Secretary of the Treasury, and the Secretary of the Treasury, had a tendency to divide the People, and we all were weary of the daily.

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Congress.

Saturday, September 23.

The Senate resumed the consideration of the bill providing for the collection and custody of the public revenue. The question being on the amendment of Mr. Calhoun, to separate the Government from the Banks.

Mr. King, of Ga. addressed the Senate at a considerable length. He related the various statements contained in the Message of the President, concerning the causes of the present distressed state of the country, referring to multitudinous extracts and authorities to sustain and illustrate his argument. In his opinion, the Bank of the U. S. was the least dangerous, and best mode of relieving the public distress. As to the bill before the Senate, he was at a loss to know what was the proper course for him to take. He did not think he could ever bring himself to vote for the amendment of the Senator from South Carolina; but he would move to postpone the further consideration of the bill till the regular session of Congress. He desired his party friends to believe that he did not intend to cut loose the party associations of his political life, when he took this stand against the power which the Executive had assumed over the currency of the country. He concluded a speech of three hours in length by moving to postpone the further consideration of the bill until the first Monday in December next.

Mr. Strange rose to make some explanations in defence of the Executive and of his own language, which he regarded as having been misapprehended by the senator from Georgia.