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DEBATE IN THE SENATE.

Speech of Mr. Calhoun,
IN REPLY TO MR. CLAY,
On the Sub-Treasury Bill.
March 10, 1838.

I rise to fulfil a promise I made some time since to notice at my leisure the reply of the Senator from Kentucky farthest from me (Mr. Clay) to my remarks, when I first addressed the Senate on the subject now under discussion.

On comparing with care the reply with the remarks, I am at a loss to determine whether it is the most remarkable for its omissions or misstatements. Instead of leaving not a hair in the head of my arguments, as the Senator threatened (to use his not very dignified expression,) he has not even attempted to answer a large, and not the least weighty portion; and of that which he has, there is not one fairly stated, or fairly answered. I speak literally, and without exaggeration; nor would it be difficult to establish to the letter what I assert, if I could reconcile it to myself to consume the time of the Senate in establishing a long series of negative propositions, in which they could take but little interest, however important they may be regarded by the Senator and myself. To avoid so idle a consumption of the time, I propose to present a few instances of his misstatements, from which the rest may be inferred; and that I may not be suspected of having selected them, I shall take them in the order in which they stand in his reply.

The Senate will recollect that when the Senator from Virginia farthest from me (Mr. Rives) introduced his substitute, he accompanied it with the remark, that it was his first choice, and the second choice of those who are allied with him on this occasion. In noticing this remark, I stated, that if I might judge from appearances, which could scarcely deceive me, the Senator might have said, not only the second, but under existing circumstances, it was their first choice, and that, despairing of a bank for the present, they would support his substitute. Assuming this inference to be correct, I stated that the question was narrowed down, in fact, to the bill and substitute, of which one or the other must be selected. The Senator from Kentucky, in his reply, omitted all these qualifications, and represented me as making the absolute assertion that, in the nature of the case, there was no other alternative but the bill or the substitute, and then gravely pointed out two others; to do nothing, or adopt a national bank, as if I could possibly be ignorant of what was so obvious. After he had thus replied, not to what I really said, but his own misstatement of it, as if to make compensation, he proceeded in the same breath to confirm the truth of what I did say by giving his support to the substitute, which he called a half-way house, where he could spend some pleasant hours. Nothing is more easy than to win such victories.

Having inferred, as has turned out to be the fact, that there was no other alternative at present, but the bill and substitute, I next showed the embarrassment to which the gentlemen opposite to me would be involved from having, four years ago, on the question of the removal of the deposits, denounced a league of state banks, similar to that proposed to be revived by the substitute. After enlarging on this point, I remarked that, if I might be permitted to state my opinion, the gentlemen had taken a course unfortunate for themselves and the country; unfortunate for them, for let what would come they would be responsible. If the bill was lost they would be the responsible; if the substitute was carried, on them the responsibility would fall; and if nothing was done, they would be held responsible; and unfortunate for the country, because it had prevented the decision of the question at the extra session, which could not have failed to put an early termination to the present commercial and pecuniary embarrassment. This the Senator, in his reply, met by stating that I had called on him and his friends to follow my lead; and thus regarding it, he made it the pretext of some ill-natured personal remarks, which I shall notice hereafter. I never dreamed of making such a call; and what I said cannot be tortured by the force of construction, to bear a meaning having the least semblance of it.

After making these preliminary remarks, I took up the substitute, and showed that it proposed to make a bargain with the banks. I then stated the particulars and the conditions of the proposed bargain; that its object was to enable the banks to pay their debts, and for that purpose it proposed to confer important privileges; to give them the use of the public funds from the time of deposit to disbursement, and to have their notes received as cash in the dues of the

government. I then asked, if we had a right to make such a bargain? The Senator, leaving out all these particulars, represented me as saying that the government had no right to make a bargain with the banks; and then undertakes to involve me in an inconsistency, in supporting the bill, because it proposes to bargain with the banks for the use of their vaults, as a place of safe-keeping for the public money, as if there was a possible analogy between the two cases. Nothing is more easy than to refute the most demonstrative argument in this way. Drop an essential part of the premises, and the most irresistible conclusion, of course, fails.

In the same summary and easy mode of replying to my arguments, the Senator perverted my denial that the government had a right to receive bank notes as cash, into the assertion that it had no right to receive any thing but cash; and then accuses me with inconsistency, because I voted at the extra session, for the bill authorizing the receipt of Treasury notes in the dues of the government; as if any one ever doubted that it could receive its own paper, or securities, in payment of its debts. Such are the misstatements of the Senator taken in their regular order, as they stand in his reply, and they present a fair specimen of what he chooses to consider an answer to my argument. There is not one less unfairly stated, or unfairly met, than the instances I have cited.

The Senator presented two difficulties in reply to what I said against receiving bank notes by the government, which demand a passing notice before I dismiss this part of the subject. He objected, first, that it was contrary to the provisions of the bill itself, which authorizes the receipts of the notes of specie paying banks for a limited time. To answer this objection, it will be necessary to advert to the object of the provision. By the provisions of the joint resolution of 1816, the notes of specie paying banks are made receivable in the dues of the government; and, of course, on the resumption of specie payments, bank notes would again be received by the government as heretofore, without limitation as to time, unless some provision be adopted to prevent it. In a word, the government, though separated in fact at present from the bank, is not legally separated; and the object of the provision is to effect the separation as well in law as it is in fact. Thus it proposes to do by a gradual repeal of the joint resolution of 1816, in order to prevent, as far as possible, any injurious effects to the community of the banks. The Senator, in making his objection, overlooks the broad distinction between the doing and undoing of an unconstitutional act. There are some unconstitutional acts that are difficult, if not impossible to be undone; such, for instance, as the admission of Louisiana into the Union, admitting it to be unconstitutional, which I do not. There are others which cannot be undone suddenly, without wide spread distress and ruin; such as the protective tariff, which, accordingly, the compromise act allowed upwards of eight years for the gradual repeal. Such also is the case under consideration, which, under the provisions of the bill, would be effected in seven years. In all such cases I hold it to be not only clearly constitutional for Congress to make a gradual repeal, but its duty to do so; otherwise it would be of ten impossible to get clear of an unconstitutional act short of a revolution. His next objection was, that the reasons which would make the receipt of bank notes unconstitutional, would also make the China trade so, which he represented as absorbing a large portion of the specie of the country. There is no analogy whatever between the two cases. The very object of specie is to carry on trade, and it would be idle to attempt to regulate the distribution and fluctuation which result from its operation. Experience proves that all attempts of the kind must either prove abortive or mischievous. In fact, it may be laid down as a law, that the more universal the demand for specie, and the less that demand is interrupted, the more steady and uniform its value, and the more perfectly of course, it fulfills the great purpose of circulation, for which it was intended. There are, however, not a few who, taking a different view, have thought it to be the duty of the government to prohibit the exportation of specie to China, on the very ground which the Senator assumes, and I am not certain but that he himself has been in favor of the measure.

But the Senator did not restrict himself to reply to my arguments. He introduced personal remarks, which neither self respect, nor a regard to the cause I support, will permit me to pass without notice, as adverse as I am to all personal controversies. Not only my education and disposition, but above all my conception of the duties belonging to the station I occupy, indisposes me to such con-

roversies. We are sent here, not to wrangle, or indulge in personal abuse, but to deliberate and decide on the common interests of the States of this Union, as far as they have been subjected by the Constitution to our jurisdiction. Thus thinking and feeling, and having perfect confidence in the cause I support, I addressed myself, when I was last up, directly and exclusively to the understanding, carefully avoiding every remark which had the least personal or party bearing. In proof of this, I appeal to you, Senators, my witnesses and judges on this occasion. But it seems that no caution on my part could prevent what I was so anxious to avoid. The Senator, having no pretext to give a personal direction to the discussion, made a premeditated and gratuitous attack on me. I say having no pretext, for there is not a shadow of foundation for the assertion that I called on him and his party to follow my lead, at which he seemed to take offence, as I have already shown. I made no such call, or any thing that could be construed into it. It would have been impertinent, in the relation between myself and his party, at any stage of this question; and absurd at that late period, when every Senator had made up his mind. As there was, then, neither provocation nor pretext, what could be the motive of the Senator in making the attack? It could not be to indulge in the pleasure of personal abuse, the lowest and basest of all our passions, and which is so far beneath the dignity of the Senator's character and station. Nor could it be with the view to intimidation. The Senator knows me too long and too well to make such an attempt. I am sent here by constituents as respectable as those he represents, in order to watch over their peculiar interests, and take care of the general concern; and if I were capable of being deterred by any one, or any consequence, in discharging my duty, from denouncing what I regarded as dangerous or corrupt, or giving a decided and zealous support to what I thought right and expedient, I would, in shame and confusion, return my commission to the patriotic and gallant state I represent, to be placed in more resolute and trustworthy hands.

If, then, neither the one nor the other of these be the motive, what, I again repeat, can it be? In casting my eyes over the whole surface, I can see but one, which is, that the Senator, despairing of the sufficiency of his reply to overthrow my arguments, had resorted to personalities, in the hope, with their aid, to effect what he could not accomplish by main strength. He well knows that the force of an argument on moral or political subjects depends greatly on the character of him who advanced it, and that to cast suspicion on his sincerity or motive, or to shake confidence in his understanding, is often the most effectual mode to destroy its force. Thus viewed, his personalities may be fairly regarded as constituting a part of his reply to my argument; and we, accordingly, find the Senator throwing them in front, like a skilful general, in order to weaken my arguments before he brought on his main attack. In repelling, then, his personal attacks, I also defend the cause which I advocate. It is against that his blows are aimed, and he strikes at it through me, because he believes his blows will be the more effectual.

Having given this direction to his reply, he has imposed on me a double duty to repel his attack; duty to myself and the cause I support. I shall not decline its performance; and when it is discharged, as I trust I shall have placed my character as far beyond the darts which he has hurled at it, as my arguments have proved to be above his abilities to reply to them. In doing this, I shall be compelled to speak of myself. No one can be more sensible than I am, how odious it is to speak of one's self. I shall endeavor to confine myself within the limits of the strictest propriety; but if any thing should escape me that may wound the most delicate ear, the odium ought in justice to fall not on me, but the Senator who, by his unprovoked and wanton attack, has imposed on me the painful necessity of speaking of myself.

The leading charge of the Senator—that on which all the others depend, and which, being overthrown, they fall to the ground—is, that I have gone over; have left his side, and joined the other. By this vague and indefinite expression, I presume he meant to imply that I had either changed my opinion, or abandoned my principle, or deserted my party. If he did not mean one, or all; if I have changed neither opinions, principles, nor party, then the charge meant nothing deserving notice. But if he intended to imply, what I have presumed he did, I take issue on the fact—I meet and repel the charge. It happened fortunately for me, fortunately for the cause of truth and justice, that it was not the first time that I

had offered my sentiments on the question now under consideration. There is scarcely a single point in the present issue on which I did not explicitly express my opinion, four years ago, in my place here, when the removal of the deposits and the questions connected with it were under discussion—so explicitly as to repel effectually the charge of any change on my part, and to make it impossible for me to pursue any other course than I have without involving myself in gross inconsistency. I intend not to leave so important a point to rest on my bare assertion. What I assert stands on record, which I now hold in my possession, and intend, at the proper time, to introduce and read. But, before I do that, it will be proper I should state the questions now at issue, and my course in relation to them, so that, having a clear and distinct perception of them, you may, Senators, readily and satisfactorily compare and determine whether my course on the present occasion coincides with the opinions I then expressed.

There are three questions, as is agreed by all, involved in the present issue. Shall we separate the Government from the banks, or shall we revive the league of State Banks, or create a national bank?—My opinion and course in reference to each are well known. I prefer the separation to either of the others; and, as between the other two, I regard a national bank as a more efficient and a less corrupting fiscal agent than a league of State Banks. It is also well known that I have expressed myself on the present occasion hostile to the banking system, as it exists, and against the constitutional power of making a bank, unless on the assumption that we have the right to receive and treat bank notes as cash in our fiscal operations, which I, for the first time, have denied on the present occasion. Now, I entertained and expressed all these opinions, on a different occasion, four years ago, except the right of receiving bank notes, in regard to which I then reserved my opinion; and if all this should be fully and clearly established by the record, from speeches delivered and published at the time, the charge of the Senator must, in the opinion of all, however prejudiced, sink to the ground. I am now prepared to introduce, and have the record read. I delivered two speeches in the session of 1833-'34, one on the removal of the deposits, and the other on the question of the renewal of the charter of the late bank. I ask the Secretary to turn to the volume lying before him, and read the three paragraphs marked in my speech on the deposits. I will thank him to raise his voice, and read slowly, so that he may be distinctly heard, and I must ask you, Senators, to give your attentive hearing, for on the coincidence between my opinions then, and my course now, my vindication against thus unprovoked and groundless charge rests.

If (said Mr. C.) this was a question of bank or no bank; if it involved the existence of the banking system, it would indeed be a great question—one of the first magnitude; and, with my present impression, long entertained, and daily increasing, I would hesitate, long hesitate, before I would be found under the banner of the system. I have great doubts (if doubts they may be called) as to the soundness and tendency of the whole system, in all its modifications. I have great fears that it will be found hostile to liberty and the advance of civilization; fatally hostile to liberty in our country, where the system exists in its worst and most dangerous form. Of all institutions affecting the great question of the distribution of wealth; a question least explored, and the most important of any in the whole range of political economy; the banking institution has, if not the greatest, among the greatest, and, I fear, most pernicious, influence on the mode of distribution. Were the question really before us, I would not shun the responsibility, great as it might be, of freely and fully offering my sentiments on these deeply important points; but, as it is, I must content myself with the few remarks which I have thrown out.

What, then, is the real question, which now agitates the country? It is a struggle between the executive and legislative departments of the government; a struggle, not in relation to the existence of the bank, but which, Congress or the President, should have the power to create a bank, and the consequent control over the currency of the country. This is the real question. Let us not deceive ourselves. This league, this association of banks, created by the Executive, bound together by its influence, united in common articles of association, vivified and sustained by receiving the deposits of the public money, and having their notes converted, by being received every where by the Treasury, into the common currency of the country, is, to all intents and purposes, a Bank of the United States, the Executive Bank of the United States,

as distinguished from that of Congress.

“However it might fail to perform satisfactorily the useful functions of the Bank of the United States as incorporated by law, it would outstrip it, far outstrip it, in all its dangerous qualities, in extending the power, the influence, and the corruption of the Government. It was impossible to conceive any institution more admirably calculated to advance these objects. Not only the selected banks, but the whole banking institutions of the country, and with them the entire money power, for the purpose of speculation, peculation, and corruption, would be placed under the control of the Executive. A system of menaces and promises will be established: of menace to the banks in possession of the deposits, but which might not be entirely subservient to Executive views; and of promise of future favors to those who may not as yet enjoy its favors. Between the two, the banks would be left without influence, honor or honesty; and a system of speculation and stock-jobbing would commence, unequalled in the annals of our country.”

“So long as the question is one between a Bank of the United States, incorporated by Congress, and that system of banks which has been created by the will of the Executive, it is an insult to the understanding to discourse on the pernicious tendency and unconstitutionality of the Bank of the United States. To bring up that question fairly and legitimately, you must go one step farther—you must divorce the Government and the banking system. You must refuse all connexion with banks. You must neither receive nor pay away bank notes; you must go back to the old system of the strong box, and of gold and silver. If you have a right to receive bank notes at all—to treat them as money by receiving them in your dues, or paying them away to creditors, you have a right to create a bank. Whatever the Government receives and treats as money, is money; and, if it be money, then they have the right, under the constitution, to regulate it. Nay, they are bound by a high obligation to adopt the most efficient means, according to the nature of it, which they have recognised as money, to give to it the utmost stability and uniformity of value. And if it be in the shape of bank notes, the most efficient means of giving those qualities is a Bank of the United States, incorporated by Congress. Unless you give the highest practical uniformity to the value of bank notes—so long as you receive them in your dues, and treat them as money, you violate that provision of the constitution which provides that taxation shall be uniform throughout the United States. There is no other alternative. I repeat, you must divorce the Government entirely from the banking system, or, if not, you are bound to incorporate a bank as the only safe and efficient means of giving stability and uniformity to the currency. And should the deposits not be restored, and the present illegal and unconstitutional connexion between the Executive and the league of banks continue, I shall feel it my duty, if no one else moves, to introduce a measure to prohibit Government from receiving or touching bank notes in any shape whatever, as the only means left of giving safety and stability to the currency, and saving the country from corruption and ruin.”

Such were my sentiments, delivered four years since, on the question of the removal of the deposits, and now standing on record; and I now call your attention, Senators, while they are fresh in your minds, and before other extracts are read, to opinions I then entertained and expressed, in order that you may compare them with those that I have expressed, and the course that I have pursued on the present occasion. In the first place, I then expressed myself explicitly and decidedly against the banking system, and intimated, in language too strong to be mistaken, that, if the question was then bank or no bank, as it now is, as far as Government is concerned, I would not be found on the side of the bank. Now, I ask, I appeal to the candor of all, even the most prejudiced, is there any thing in all this contradictory to my present opinions or course? On the contrary, having entertained and expressed these opinions, could I, at this time, when the issue I then supposed is actually presented, have gone against the separation without gross inconsistency? Again, I then declared myself to be utterly opposed to a combination or league of state banks, as being the most inefficient and corrupting fiscal agent the Government could select, and more objectionable than a Bank of the United States. I again appeal, is there a sentiment or a word in all this contradictory to what I have said or done on the present occasion? So far otherwise, is there not a perfect harmony and coincidence throughout, which, considering the dif-