



THE STAR.

RALEIGH, JAN. 8, 1840.

THE PEOPLE'S TICKET.

FOR PRESIDENT, WILLIAM HENRY HARRISON.

FOR VICE PRESIDENT, JOHN TYLER.

FOR GOVERNOR OF NORTH CAROLINA, JOHN M. MOREHEAD.

OF GUILFORD COUNTY.

THE PEOPLE'S CANDIDATE.

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tem of paper credit with which all banks are connected, and thus aid those that are sound and well managed, it will at the same time sensibly check such as are otherwise, by at once withholding the means of extravagance afforded by the public funds, and restraining them from excessive issues of notes which they would be constantly called upon to redeem.

I am aware it has been urged that this control may be best attained and exerted by means of a National Bank. The constitutional objections, which I am well known to entertain, would prevent me in any event from proposing or assenting to that remedy; but in addition to this, I cannot, after past experience, bring myself to think that it can any longer be extensively regarded as effective for such a purpose. The history of the late National Bank through all its mutations shows that it was not so. On the contrary, it may, after a careful consideration of the subject, be I think, safely stated, that at every period of banking excess it took the lead, and in 1817, and 1818, in 1823, in 1831, and in 1834, its vast expansions, followed by distressing contractions, led to those of the State institutions. It swelled and maddened the tides of the banking system, but seldom allayed, or safely directed them. At a few periods only was a salutary control exercised, but an eager desire, on the contrary, exhibited for profit in the first place; and if, afterwards, its measures were severe towards other institutions, it was because its own safety compelled it to adopt them. It did not differ from them in principle or in form; its measures emanated from the same spirit of gain; it felt the same temptation to overissues; it suffered from, and was totally unable to avert, those inevitable laws of trade, by which it was itself affected equally with them; and at least on one occasion, at an early day, it was saved only by extraordinary exertions from the same fate that attended the weakest institution it professed to supervise. In 1837 it failed, equally with others, in redeeming its notes though the two years allowed by its charter for that purpose had not expired a large amount of which remains to the present time outstanding. It is true, that having so vast a capital, and strengthened by the use of all the revenues of the Government, it possessed more power; but while it was itself, by that circumstance, freed from the control which all banks require, its paramount object and inducement were left the same—to make the most for its stockholders, not to regulate the currency of the country. Nor has it, as far as we are advised, been found to be greatly otherwise elsewhere. The national character given to the Bank of England, which has been its model, has not been able to keep off a suspension of specie payments, which lasted for nearly a quarter of a century. And why should we except it to be otherwise? A national institution, though deriving its charter from a different source than the State banks, is yet constituted upon the same principles; is conducted by men equally exposed to temptations; and is liable to the same disasters; with the additional disadvantage that its magnitude occasions an extent of confusion and distress which the mismanagement of smaller institutions could not produce.

It can scarcely be doubted that the recent suspension of the United States Bank of Pennsylvania—of which the effects are not in that State alone, but over half the Union—had its origin in a course of business commenced while it was a national institution; and there is no good reason for supposing that the same consequences would not have followed, had it still derived its powers from the General Government. It is in vain, when the influences and impulses are the same, to look for a difference in conduct or results. By such creations, we do therefore but increase the mass of paper credit and paper currency, without checking their attendant evils and fluctuations. The extent of power and the efficiency of organization which we give, so far from being beneficial, are in practice positively injurious. They strengthen the chains of dependence throughout the Union, subject all parts more certainly to common disaster, and bind every bank more effectually, in the first instance, to those of our commercial cities, and, in the end, to a foreign power. In a word, I cannot but believe that, with the full understanding of the operations of our banking system, which experience has produced, public sentiment is not less opposed to the creation of a National Bank for purposes connected with currency and commerce, than for those connected with the fiscal operations of the Government.

Yet the commerce and currency of the country are suffering evil from the operations of the State banks which cannot and ought not to be overlooked. By their means, we have been flooded with a depreciated paper, which it was evidently the design of the framers of the Constitution to prevent; when they required Congress to "coin money and regulate the value of foreign coins," and when they forbade the States "to coin money, emit bills of credit, make any thing but gold and silver a tender in payment of debts," or "pass any law impairing the obligations of contracts. If they did not guard more explicitly against the present state of things, it was because they could not have anticipated that the few banks then existing were to swell to an extent which would expel to so great a degree the gold and silver, for which they had provided, from the channels of circulation, and fill them with a currency that defeats the objects they had in view. The remedy for this must chiefly rest with the States from whose legislation it has sprung. No gold that might accrue in a particular case [We are compelled to defer a small portion of the message until next week.]

It is objected to the Hero of Tippecanoe, by many of the Tory presses, that he does not reside in a slave-holding State. What difference does this make, when he is not only with the South as the subject of slavery, but also as ardently and perfectly in unison with the South on the abolition question as the most enthusiastic Southerner in the confederacy. Mr. Calhoun himself, who seems to catch fire and glow like a furnace whenever the subject of slavery may be even incidentally touched, should not be more acceptable to the South, as far as abolition may be involved, than General Harrison. We do not believe that Mr. Calhoun should be in as high favor with the South on the subject of slavery as the Hero of Tippecanoe. For if there be any difference in the com-

ment of paper credit with which all banks are connected, and thus aid those that are sound and well managed, it will at the same time sensibly check such as are otherwise, by at once withholding the means of extravagance afforded by the public funds, and restraining them from excessive issues of notes which they would be constantly called upon to redeem.

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dollars paid to collectors and receivers during the present year, the average amount in their hands at any one time has not exceeded a million and a half; and of the fifteen millions received by the collector of New York alone during the present year, the average amount held by him, subject to draft during each week, has been less than half a million.

The ease and safety of the operations of the Treasury in keeping the public money, are promoted by the application of its drafts to the public dues. The objection arising from having them too long outstanding, might be obviated, and they yet made to afford to merchants and banks holding them an equivalent for specie, and in this way greatly lessen the amount actually required. Still less inconvenience will attend the requirement of specie in purchases of public lands. Such purchases, except when made on speculation, are, in general, but single transactions, rarely repeated by the same person; and it is a fact, that for the last year and a half, during which the notes of sound banks have been received, more than a moiety of these payments has been voluntarily made in specie, being a larger proportion than would have been required in three years under the graduation proposed.

It is moreover a principle than which none is better settled by experience, that the supply of the precious metals will always be found adequate to the uses for which they are required. They abound in countries where no other currency is allowed. In our own States, where small notes are excluded, gold and silver supply their place. When driven to their hiding places by bank suspensions, a little firmness in the community soon restores them in a sufficient quantity for ordinary purposes. Postage and other public dues have been collected in coin, without serious inconvenience, even in States where a depreciated paper currency has existed for years, and this, with the aid of Treasury notes for a part of the time, was without interruption during the suspension of 1837. At the present moment, the receipts and disbursements of the Government are made in legal currency in the largest portion of the Union—no one suggests a departure from this rule; and if it can now be successfully carried out, it will be surely attended with even less difficulty when bank notes are again redeemed in specie.

Indeed I cannot think that a serious objection would any where be raised to the receipt and payment of gold and silver in all public transactions, were it not from an apprehension that a surplus in the Treasury might withdraw a large portion of the specie from the public vaults. It would not, in my opinion, be difficult to prevent such an inconvenience from occurring but the authentic statements which I have already submitted to you in regard to the actual amount in the public Treasury at any one time during the period embraced in them, & the little probability of a different state of the Treasury for at least some years to come, seem to render it unnecessary to dwell upon it. Congress, moreover, as I have before observed, will in every year have an opportunity to guard against it, should the occurrence of any circumstances lead us to apprehend injury from this source. Viewing the subject in all its aspects, I cannot believe that any period will be more auspicious than the present for the adoption of all measures necessary to maintain the sanctity of our own engagements, and to aid in securing to the community that abundant supply of the precious metals which adds so much to their prosperity; and gives such increased stability to all their dealings.

In a country so commercial as ours, banks in some form will probably always exist; but this serves only to render it more incumbent on us, notwithstanding the discouragements of the past, to strive in our respective stations to mitigate the evils they produce; to take from them as rapidly as the obligations of public faith and a careful consideration of the immediate interests of the community will permit, the unjust character of monopolies; to check so far as may be practicable by prudent legislation, those temptations of interest and those opportunities for their dangerous indulgence, which beset them on every side, and to confine them strictly to the performance of their paramount duty, that of aiding the operations of commerce, rather than consulting their own exclusive advantage. These and other salutary reforms may, it is believed, be accomplished without the violation of any of the great principles of the social compact, the observance of which is indispensable to its existence, or interfering in any way with the useful and profitable employment of real capital.

Institutions so framed have existed and still exist elsewhere, giving to commercial intercourse all necessary facilities, without inflating or depreciating the currency, or stimulating speculation. Thus accomplishing their legitimate ends, they have gained the surest guarantee for their protection and encouragement in the good will of the community. Among a people so just as ours the same results could not fail to attend a similar course. The direct supervision of the banks belongs, from the nature of our Government, to the States who authorize them. It is to their Legislatures that the people must mainly look for action on that subject. But as the conduct of the Federal Government in the management of its revenue has also a powerful though less immediate influence upon them, it becomes our duty to see that a proper direction is given to it. While the keeping of the public revenue in a separate and Independent Treasury, and of collecting it in gold and silver, will have a salutary influence on the sys-

tem of paper credit with which all banks are connected, and thus aid those that are sound and well managed, it will at the same time sensibly check such as are otherwise, by at once withholding the means of extravagance afforded by the public funds, and restraining them from excessive issues of notes which they would be constantly called upon to redeem.

so much from motives of commendable sympathy, but fearful lest its anticipated failure should narrow the field of credit there. Does not this speak volumes of the patriot? Can a system be beneficent, wise, or just, which creates greater anxiety for interests dependent on foreign credit, than for the general prosperity of our own country, and the profitable exportation of the surplus produce of our labor.

The circumstances to which I have thus adverted appear to me to afford weighty reasons, developed by late events, to be added to those which I have on former occasions offered, when submitting to your better knowledge and discernment the propriety of separating the custody of the public money from banking institutions. Nor has any thing occurred to lessen, in my opinion, the force of what has been heretofore urged. The only ground on which that custody can be desired by the banks, is the profitable use which they may make of the money. Such use would be regarded in individuals as a breach of trust, or a crime of great magnitude, and yet it may be reasonably doubted whether, first and last, it is not attended with more mischievous consequences, when permitted to the former than to the latter. The practice of permitting the public money to be used by its keepers as here, is believed to be peculiar to this country, and to exist scarcely any where else. To procure it here, improper influences are appealed to; unwise connections are established between the Government and vast numbers of powerful State institutions; other motives than the public good are brought to bear both on the Executive and Legislative departments, and selfish combinations, leading to special legislation are formed. It is made the interest of banking institutions and their stockholders throughout the Union to use their exertions for the increase of taxation and the accumulation of a surplus revenue; and while an excess is afforded, the means are furnished for those excessive issues which lead to extravagant trading and speculation, and are the forerunners of a vast debt abroad, and a suspension of the banks at home.

Impressed, therefore, as I am, with the propriety of the funds of the Government being withdrawn from the private use of either banks or individuals, and the public money kept by duly appointed public agents; and believing, as I do, that such also is the judgment which discussion, reflection and experience leave produced on the public mind, I have the subject with you. It is, at all events, essential to the interests of the community and the honor of the Government, that the public money should be kept by public agents, and not by individuals, and that the public money should be kept by public agents, and not by individuals, and that the public money should be kept by public agents, and not by individuals.

Most of the arguments that dissuade us from employing banks, in the custody and disbursement of the public money, apply with equal force to the receipt of their notes for the public dues. The difference is only in form. In one instance, the Government is a creditor for its deposits, and in the other for the notes it holds. They afford the same opportunity for using the public moneys, and equally lead to all the evils attendant upon it, since a bank can as safely extend its discounts on a deposit of its notes in the hands of a public officer, as on one made in its own vaults. On the other hand, it would give to the Government no greater security, for, in case of failure, the claim of the noteholder would be no better than that of a depositor.

I am aware that the danger of inconvenience to the public, and unreasonable pressure upon sound banks, have been urged as objections to requiring the payment of the revenue in gold and silver. These objections have been greatly exaggerated. From the best estimates we may safely fix the amount of specie in the country at eighty-five millions of dollars, and the portion of that which would be employed at any one time in the receipts and disbursement of the Government, even if the proposed change were made at once, would not, it is now after fuller investigation, believed, exceed four or five millions. If the change were gradual, several years would elapse before that sum would be required, with annual opportunities in the mean time to alter the law, should experience prove it to be oppressive or inconvenient. The portions of the community on whose business the change would immediately operate, are comparatively small, nor is it believed that its effect would be in the least unjust or injurious to them.

In the payment of duties, which constitute by far the greater portion of the revenue, a very large proportion is derived from foreign commission houses and agents of foreign manufacturers, who sell the goods consigned to them, generally, at auction and after paying the duties out of the avails, remit the rest abroad in specie or its equivalent. That the amount of duties should, in such cases, be also retained in specie, can hardly be made a matter of complaint. Our own importing merchants, by whom the residue of the duties is paid, are not only peculiarly interested in maintaining a sound currency, which the measure in question will especially promote, but are, from the nature of their dealings, best able to know when specie will be needed, and to procure it with the least difficulty or sacrifice. Residing, too, almost universally in places where the revenue is received, and where the drafts used by the Government for its disbursements must concentrate, they have every opportunity to obtain and use them in place or specie, should it be for their interest or convenience. Of the number of these drafts, and the facilities they may afford, as well as of the rapidity with which the public funds are drawn and disbursed, an idea may be formed from the fact that, of nearly twenty millions of

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them, to a great extent, to follow the course of others notwithstanding its injustice to their own immediate creditors, or injury to the particular community in which they are placed. This dependence of a bank, which is in proportion to the extent of its debts for circulation and deposits, is not merely on others in its own vicinity, but on all those which connect it with the centre of trade. Distant banks may fail, without seriously affecting those in our principal commercial cities; but the failure of the latter is felt at the extremities of the Union. The suspension at New York, in 1837, was every where, with very few exceptions, followed, as soon as it was known; that recently at Philadelphia immediately affected the banks of the South and West in a similar manner. This dependence of our whole banking system on the institutions in a few large cities, is not found in the laws of their organization, but in those of trade and exchange. The banks at that centre to which currency flows, and where it is required in payments for merchandise, hold the power of controlling those in regions whence it comes, while the latter possess no means of restraining them; so that the value of individual property, and the prosperity of trade, through the whole interior of the country, are made to depend on the good or bad management of the banking institutions in the great seats of trade on the seaboard.

But this chain of dependence does not stop here. It does not terminate at Philadelphia or New York. It reaches across the ocean, and ends in London, the centre of the credit system. The same laws of trade, which give to the banks in our principal cities power over the whole banking system of the United States, subject the former, in their turn, to the money power in Great Britain. It is not denied that the suspension of the New York banks in 1837, which was followed in quick succession throughout the Union was produced by an application of that power; and it is now alleged, in extenuation of the present condition of so large a portion of our banks, that their embarrassments have arisen from the same cause.

From this influence they cannot now entirely escape for it has its origin, in the credit currencies of the two countries; it is strengthened by the current of trade and exchange which centres in London, and is rendered almost irresistible by the large debts contracted there by our merchants, our banks, and our States. It is thus that an introduction of a new bank into the most distant of our villages, places the business of that village within the influence of the money power in England. We cannot in this country, seriously affect our own currency, and extend over the pursuits of our citizens its powerful influence. We cannot escape from this by making new banks, great or small, State or National. The same chains which bind those now existing to the centre of this system of paper credit, must equally fetter every similar institution we create. It is only by the extent to which this system has been pushed of late, that we have been made fully aware of its irresistible tendency to subject our own banks and currency to a vast controlling power in a foreign land; and it adds a new argument to those which illustrate their precarious situation. Endangered in the first place by their own mismanagement, and again by the conduct of every institution which connects them with the centre of trade in our own country, they are yet subjected, beyond all this, to the effect of whatever measures policy, necessity, or caprice, may induce those who control the credits of England to resort to. I mean not to comment upon these measures present or past, and much less to discourage the prosecution of fair commercial dealing between the two countries, based on reciprocal benefits; but it having now been made manifest that the power of inflicting these and similar injuries, is by the irresistible law of a credit currency and credit trade, equally capable of extending their consequences through all the ramifications of our banking system; and by that means indirectly obtaining, particularly when our banks are used as depositories of the public moneys, a dangerous political influence in the United States I have deemed it my duty to bring the subject to your notice, and ask for it your serious consideration.

Is an argument required beyond the exposition of these facts, to show the impropriety of using our banking institutions as depositories of the public money? Can we venture not only to encounter the risk of their individual and mutual mismanagement, but at the same time, to place our foreign and domestic policy entirely under the control of a foreign moneyed interest? To do so is to impair the independence of our Government, as the present credit system has already impaired the independence of our banks. It is to submit all its important operations, whether or peace of war, to be controlled or thwarted at first by our own banks, and then by a power abroad greater than themselves. I cannot bring myself to depict the humiliation to which this government and people might be sooner or later reduced if the means for defending their rights are to be made dependent upon those who may have the most powerful motives to impair them.

Nor is it only in reference to the effect of this state of things on the independence of our Government or our banks, that the subject presents itself for consideration; it is to be viewed also in its relations to the general trade of our country. The time is not long past when a deficiency of foreign crops was thought to afford a profitable market for the surplus of our industry; but now we are a wretched anxiety the news of the English harvest, not

specie in the country, and the portion of that which would be employed at any one time in the receipts and disbursement of the Government, even if the proposed change were made at once, would not, it is now after fuller investigation, believed, exceed four or five millions. If the change were gradual, several years would elapse before that sum would be required, with annual opportunities in the mean time to alter the law, should experience prove it to be oppressive or inconvenient. The portions of the community on whose business the change would immediately operate, are comparatively small, nor is it believed that its effect would be in the least unjust or injurious to them.

with foreign countries, which draws the precious metals from their vaults, would require, in order to meet it, a larger amount of their loans to a comparatively small portion of the community, than it will be convenient for them to bear, or perhaps safe for the banks to exact. The plea has created to be one of expediency. Convenience and policy are now deemed sufficient to warrant these institutions in disregarding their solemn obligations. Such conduct is not merely an injury to individual creditors, but it is a wrong to the whole community, from whose liberality they hold most valuable privileges—those rights they violate, whose business they exchange, and the value of whose property they render unstable and insecure. It must be evident that this new ground for bank suspensions, in reference to which their action is not only disconnected with, but wholly independent of that of the public, gives a character to their suspensions more alarming than any which they exhibited before, and greatly increases the impropriety of relying on the banks in the transactions of the Government.

A large and highly respectable portion of our banking institutions are, it affords me unfeigned pleasure to state, exempt from all blame on account of this second delinquency. They have, as their great credit, not only continued to meet their engagements, but have even repudiated the grounds of suspension now restored to. It is only by such a course that the confidence and good will of the community can be preserved, and, in the sequel, the best interests of the institutions themselves promoted.

New dangers to banks are also daily disclosed from the extension of that system of extravagant credit of which they are the pillars. Formerly our foreign commerce was principally founded on an exchange of commodities, including the precious metals, and leaving in its transactions but little foreign debt. Such is not now the case. Aided by the facilities afforded by the banks, mere credit has become too commonly the basis of trade. Many of the banks themselves, not content with largely stimulating this system among others, have assumed the business, while they impair the stability of the mercantile community; they have become borrowers instead of lenders; they encourage the issue of State securities until the foreign market is glutted with them; and unsatisfied with the legitimate use of their own capital and the exercise of their lawful privileges, they raise, by large loans, additional means for every variety of speculation. The disasters attendant on this deviation from the former course of business in this country, are now shared alike by banks and individuals, to an extent of which there is perhaps no previous example in the annals of our country. So long as a willingness of the foreign lender, and a sufficient export of our productions to meet any necessary partial payments, leave the flow of credit undisturbed, all appears to be prosperous; but as soon as it is checked by any hesitation abroad, or by an inability to make payment there in our productions, the evils of the system are disclosed. The paper currency which might serve for domestic purposes, is useless to pay the debt due in Europe. Gold and silver are therefore drawn, in exchange for their notes, from the banks. To keep up their supply of coin, these institutions are obliged to call upon their own debtors, who pay them principally in their own notes, which are as unavailable to them as they are to the merchants to meet the foreign demand. The calls of the banks, therefore, in such emergencies, of necessity, exceed that demand, and produce a corresponding curtailment of their accommodations and of the currency, at the very moment when the state of trade renders it most inconvenient to borne. The intensity of this pressure on the community is in proportion to the previous liberality of credit and consequent expansion of the currency; forced sales of property are made at the time when the means of purchasing are most reduced, and the worst calamities to individuals are only at last arrested, by an open violation of their obligations by the banks, and a refusal to pay specie for their notes, and an imposition upon the community of a fluctuating and depreciated currency.

These consequences are inherent in the present system. They are not influenced by the banks being large or small, created by National or State Governments. They are the results of the irresistible laws of trade and credit. In the recent events which have so strikingly illustrated the certain effects of these laws, we have seen the bank of the largest capital in the Union, established under a National charter, and lately strengthened, as we were authoritatively informed, by exchanging that for a State charter, with new and unusual privileges—in a condition, as it was said, of entire soundness and great prosperity—not merely unable to resist these effects, but the first to succumb to them.

Nor is it to be overlooked, that there exists a chain of necessary dependence among these institutions which obliges

them, to a great extent, to follow the course of others notwithstanding its injustice to their own immediate creditors, or injury to the particular community in which they are placed. This dependence of a bank, which is in proportion to the extent of its debts for circulation and deposits, is not merely on others in its own vicinity, but on all those which connect it with the centre of trade. Distant banks may fail, without seriously affecting those in our principal commercial cities; but the failure of the latter is felt at the extremities of the Union. The suspension at New York, in 1837, was every where, with very few exceptions, followed, as soon as it was known; that recently at Philadelphia immediately affected the banks of the South and West in a similar manner. This dependence of our whole banking system on the institutions in a few large cities, is not found in the laws of their organization, but in those of trade and exchange. The banks at that centre to which currency flows, and where it is required in payments for merchandise, hold the power of controlling those in regions whence it comes, while the latter possess no means of restraining them; so that the value of individual property, and the prosperity of trade, through the whole interior of the country, are made to depend on the good or bad management of the banking institutions in the great seats of trade on the seaboard.

But this chain of dependence does not stop here. It does not terminate at Philadelphia or New York. It reaches across the ocean, and ends in London, the centre of the credit system. The same laws of trade, which give to the banks in our principal cities power over the whole banking system of the United States, subject the former, in their turn, to the money power in Great Britain. It is not denied that the suspension of the New York banks in 1837, which was followed in quick succession throughout the Union was produced by an application of that power; and it is now alleged, in extenuation of the present condition of so large a portion of our banks, that their embarrassments have arisen from the same cause.

From this influence they cannot now entirely escape for it has its origin, in the credit currencies of the two countries; it is strengthened by the current of trade and exchange which centres in London, and is rendered almost irresistible by the large debts contracted there by our merchants, our banks, and our States. It is thus that an introduction of a new bank into the most distant of our villages, places the business of that village within the influence of the money power in England. We cannot in this country, seriously affect our own currency, and extend over the pursuits of our citizens its powerful influence. We cannot escape from this by making new banks, great or small, State or National. The same chains which bind those now existing to the centre of this system of paper credit, must equally fetter every similar institution we create. It is only by the extent to which this system has been pushed of late, that we have been made fully aware of its irresistible tendency to subject our own banks and currency to a vast controlling power in a foreign land; and it adds a new argument to those which illustrate their precarious situation. Endangered in the first place by their own mismanagement, and again by the conduct of every institution which connects them with the centre of trade in our own country, they are yet subjected, beyond all this, to the effect of whatever measures policy, necessity, or caprice, may induce those who control the credits of England to resort to. I mean not to comment upon these measures present or past, and much less to discourage the prosecution of fair commercial dealing between the two countries, based on reciprocal benefits; but it having now been made manifest that the power of inflicting these and similar injuries, is by the irresistible law of a credit currency and credit trade, equally capable of extending their consequences through all the ramifications of our banking system; and by that means indirectly obtaining, particularly when our banks are used as depositories of the public moneys, a dangerous political influence in the United States I have deemed it my duty to bring the subject to your notice, and ask for it your serious consideration.