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BY GEORGE HOWARD,

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## DOMESTIC.

### MESSAGE

From the President of the U. States, returning the Bank Bill, with his objections, &c.

#### To the Senate:

The bill to "modify and continue" the act entitled "an act to incorporate the subscribers of the Bank of the United States," was presented to me on the 4th of July instant. Having considered it with that solemn regard to the principles of the Constitution which the day was calculated to inspire, and come to the conclusion that it ought not to become a law, I herewith return it to the Senate, in which it originated, with my objections.

A Bank of the United States is, in many respects, convenient for the Government and useful to the people. Entertaining this opinion, and deeply impressed with the belief that some of the powers and privileges possessed by the existing Bank are unauthorized by the Constitution, subversive of the rights of the States, and dangerous to the liberties of the people, I felt it my duty, at an early period of my administration, to call the attention of Congress to the practicability of organizing an institution combining all its advantages and obviating these objections. I sincerely regret that, in the act before me, I can perceive none of those modifications of the Bank charter which are necessary, in my opinion, to make it compatible with justice, with sound policy, or with the Constitution of our country. The present corporate body, denominated the President, Directors and Company of the Bank of the U. States, will have existed, at the time this act is intended to take effect, twenty years. It enjoys an exclusive privilege of banking under the authority of the General Government, a monopoly of its favor and support, and, as a necessary consequence, almost a monopoly of the foreign and domestic exchange. The powers, privileges and favors bestowed upon it, in the original charter, by increasing the value of the stock far above its par value, operated as a gratuity of many millions to the stockholders.

An apology may be found for the failure to guard against this result, in the consideration that the effect of the original act of incorporation could not be certainly foreseen at the time of its passage. The act before me proposes another gratuity to the holders of the same stock, and, in many cases, to the same men, of at least seven millions more. This donation finds no apology

in any uncertainty as to the effect of the act. On all hands it is conceded that its passage will increase at least twenty or thirty per cent. more, the market price of the stock, subject to the payment of the annuity of \$200,000 per year, secured by the act; thus adding, in a moment, one-fourth to its par value. It is not our own citizens only who are to receive the bounty of our Government. More than eight millions of the stock of this Bank are held by foreigners. By this act, the American Republic proposes virtually to make them a present of some millions of dollars. For these gratuities to foreigners, and to some of our own opulent citizens, the act secures no equivalent whatever. They are the certain gains of the present stockholders under the operation of this act, after making full allowance for the payment of the bonus.

Every monopoly, and all exclusive privileges, are granted at the expense of the public which ought to receive a fair equivalent. The many millions which this act proposes to bestow on the stockholders of the existing Bank, must come, directly or indirectly, out of the earnings of the American people. It is due to them, therefore, if their Government sell monopolies and exclusive privileges, that they should at least exact for them as much as they are worth in open market. The value of the monopoly in this case may be correctly ascertained. The twenty-eight millions of stock would probably be at an advance of fifty per cent. and command in market at least forty-two millions of dollars, subject to the payment of the present bonus. The present value of the monopoly, therefore, is seventeen millions of dollars, and this the act proposes to sell for three millions, payable in fifteen annual instalments of \$200,000 each.

It is not conceivable how the present stockholders can have any claim to the special favor of the Government. The present corporation has enjoyed its monopoly during the period stipulated in the original contract. If we must have such a corporation, why should not the Government sell out the whole stock, and thus secure to the people the full market value of the privileges granted? Why should not Congress create and sell twenty-eight millions of stock, incorporating the purchasers with all the powers and privileges secured in this act, and putting the premium upon the sales into the Treasury?

But this act does not permit competition in the purchase of this monopoly. It seems to be predicated on the erroneous idea, that the present stockholders have a prescriptive right, not only to the favor but to the bounty of Government. It appears that more than a fourth part of the stock is held by foreigners, and the residue is held by a few hundred of our own citizens, chiefly of the richest class: for their benefit does this act exclude the whole American people from competition in the purchase of this monopoly, and dispose of it for many millions

less than it is worth. This seems the less excusable, because some of our citizens, not now stockholders, petitioned that the door of competition might be opened, and offered to take a charter on terms much more favorable to the government and country.

But this proposition, although made by men whose aggregate wealth is believed to be equal to all the private stock in the existing Bank, has been set aside, and the bounty of our Government is proposed to be again bestowed on the few who have been fortunate enough to secure the stock; and, at this moment, wield the power of the existing institution. I cannot perceive the justice or policy of this course. If our Government must sell monopolies, it would seem to be its duty to take nothing less than their full value; and if gratuities must be made once in fifteen or twenty years, let them not be bestowed on the subjects of a foreign government, nor upon a designated and favored class of men in our own country. It is but justice and good policy, as far as the nature of the case will admit, to confine our favors to our own fellow citizens, and let each in his turn enjoy an opportunity to profit by our bounty. In the bearings of the act before me upon these points, I find ample reasons why it should not become a law.

It has been urged as an argument in favor of re-chartering the present Bank, that the calling in its loans will produce great embarrassment and distress. The time allowed to close its concerns, is ample, and if it has been well managed, its pressure will be light, and heavy only in case its management has been bad. If, therefore, it shall produce distress, the fault will be its own, and it would furnish a reason against renewing a power which has been so obviously abused. But, will there ever be a time when this reason will be less powerful? To acknowledge its force, is to admit that the Bank ought to be perpetual, and as a consequence, the present stockholders and those inheriting their rights, as successors, be established a privileged order, clothed both with great political power and enjoying immense pecuniary advantages from their connection with the government.

The modifications of the existing charter, proposed by this act, are not such, in my view, as make it consistent with the rights of the States or the liberties of the people. The qualification of the right of the Bank to hold real estate, the limitation of its power to establish branches, and the power reserved to Congress to forbid the circulation of small notes, are restrictions comparatively of little value or importance. All the objectionable principles of the existing corporation, and most of its odious features, are retained without alleviation.

The fourth section provides "that the notes or bills of the said corporation, although the same be on the faces thereof, respectively made payable at one place only, shall, nevertheless, be received by the said corporation at the Bank, or at

any of the offices of discount and deposit thereof, if tendered in liquidation or payment of any balance or balances, due to said corporation or to such office of discount and deposit from any other incorporated Bank." This provision secures to the State Banks a legal privilege in the Bank of the United States, which is withheld from all private citizens. If a State Bank in Philadelphia, owe the Bank of the United States and have notes issued by the St. Louis Branch, it can pay the debt with those notes; but if a merchant, mechanic, or other private citizen be in like circumstances, he cannot by law pay his debt with those notes, but must sell them at a discount, or send them to St. Louis to be cashed. This boon, conceded to the State Banks, though not unjust in itself, is most odious, because it does not measure out equal justice to the high and the low, the rich and the poor.

To the extent of its practical effect, it is a bond of union among the banking establishments of the nation, erecting them into an interest, separate from that of the people, and its necessary tendency is to unite the Bank of the United States and the State Banks in any measure which may be thought conducive to their common interest.

The ninth section of the act recognizes principles of worse tendency than any provision of the present charter.

It enacts that "the Cashier of the Bank shall annually report to the Secretary of the Treasury the names of all stockholders who are not resident citizens of the United States, and on the application of the Treasurer of any State, shall make out and transmit to such Treasurer a list of stockholders residing in, or citizens of such State, with the amount of stock owned by each." Although this provision, taken in connection with a decision of the Supreme Court, surrenders by its silence, the right of the States to tax the banking institutions created by this corporation, under the name of branches, throughout the Union,—it is evidently intended to be construed as a concession of their right to tax that portion of the stock which may be held by their own citizens and residents. In this light, if the act becomes a law, it will be understood by the States, who will probably proceed to levy a tax equal to that paid upon the stock of banks incorporated by themselves. In some States that tax is now one per cent., either on the capital or on the shares, and that may be assumed as the amount which all citizens or resident stockholders will be taxed under the operation of this act. As it is only the stock held in the States, and not that employed within them, which would be subject to taxation; and as the names of foreign stockholders are not to be reported to the Treasurers of the States, it is obvious that the stock held by them will be exempt from this burden. Their annual profits, will, therefore be one per cent. more than the citizen stockholders, and as the annual dividends of the Bank may be safely estimated at seven

per cent., the stock will be worth ten or fifteen per cent. more to foreigners than to citizens of the United States. To appreciate the effects which this state of things will produce, we must take a brief review of the operations and present condition of the Bank of the United States.

By documents submitted to Congress at the present session, it appears that on the 1st of January, 1832, of the 28 millions of private stock in the corporation, \$3,405,500 were held by foreigners, mostly of Great Britain. The amount of stock held in the nine Western and Southwestern States, is \$140,200; and in the four Southern States, is \$5,623,100; and in the Middle and Eastern States, is about \$13,522,000. The profits of the Bank in 1831, as shown in a statement to Congress, were about \$3,455,593; of this there accrued in the nine Western States, about \$1,640,048; in the four Southern States about \$352,507; and in the Middle and Eastern States, about \$1,463,041. As little stock is held in the West, it is obvious that the debt of the people, in that section, to the Bank, is principally a debt to the eastern and foreign stockholders; that the interest they pay upon it, is carried into the Eastern States and into Europe; and that it is a burden upon their industry and a drain of their currency, which no country can bear without inconvenience and occasional distress. To meet this burden, and equalize the exchange operations of the Bank, the amount of specie drawn from those States through its branches within the last two years, as shown by its official reports, was about \$6,000,000. More than half a million of this amount does not stop in the Eastern States, but passes on to Europe to pay the dividends of the foreign stockholders. In the principle of taxation recognized by this act, the Western States find no adequate compensation for this perpetual burden on their industry, and drain of their currency. The Branch Bank at Mobile made, last year, \$95,140; yet, under the provisions of this act, the State of Alabama can raise no revenue from these profitable operations, because not a share of the stock is held by any of her citizens. Mississippi and Missouri are in the same condition in relation to the branches at Natchez and St. Louis; and such, in a greater or less degree, is the condition of every Western State.

The tendency of the plan of taxation which this act proposes, will be to place the whole United States in the same relation to foreign countries, which the Western States now bear to the Eastern. When by a tax on resident stockholders, the stock of this Bank is made worth ten or fifteen per cent. more to foreigners than to residents, most of it will inevitably leave the country.

Thus will this provision, in its practical effect, deprive the Eastern, as well as the Southern and Western States, of the means of raising a revenue from the extension of business, and great profits of this institution.