

might have been made, if properly executed, was made the instrument of weakening the banks at the point of pressure, especially in the great metropolis of the Union, where so large a portion of the surplus revenue was accumulated. And, finally, the Treasury order, which still further weakened those banks, by withdrawing their cash means to be invested in public lands in the west.

It is often easy to prevent what cannot be remedied, which the present instance strongly illustrates. If the administration had formed a true conception of the danger in time, what has since happened might have then been easily averted. The near approach of the expiration of the charter of the United States Bank would have afforded ample means of staying the desolation, if it had been timely and properly used. I saw it then, and proposed to renew the charter, for a limited period, with such modifications as would have effectually resisted the increasing expansion of the currency; and, at the same time, gradually and finally wear out the connexion between the bank and the government. To use the expression I then used, "to unbank the banks," to let down the system easily and so to effect the separation between the bank and the government, as to avoid the possibility of that shock which I then saw was inevitable without some remedy. The moment was eminently propitious. The precious metals were flowing in on us from every quarter; and the vigorous measures I proposed to adopt in the renewal of the charter would have effectually arrested the increase of banks, and checked the excess of their discounts and issues; so that the accumulating mass of gold and silver, instead of being converted into bank capital & swelling the tide of paper circulation, would have been substituted in the place of bank notes, as a permanent and wholesome addition to the currency of the country.

But neither the administration nor the opposition sustained me, and the precious opportunity passed unseized. I then clearly saw the coming calamity was inevitable, and it has neither arrived sooner, nor is it greater, than what I expected.

Such are the leading causes which have produced the present disordered state of the currency. There are others of a minor character, connected with the general condition of the commercial world, and the operation of the Executive branch of the Government, but which of themselves would have produced but little effect. To repeat the causes in a few words, the vast increase which the tariff of 1824 and '28 gave to the fiscal action of the Government, combined with the causes I have enumerated, gave the first impulse to the expansion of the currency. These in turn gave that extraordinary impulse to overtrading and speculation (they are effects, and not causes,) which has finally terminated in the present calamity. It may thus be ultimately traced to the connexion between the banks and the government; and it is not a little remarkable that the suspension of specie payments in 1816 in this country, and that of 1797 in Great Britain, were produced by like causes.

There is another reason against the union of the Government and the banks, intimately connected with that under consideration, which I shall next proceed to state. It gives a preference to one portion of citizens over another, that is neither fair, equal, nor consistent with the spirit of our institutions. That the connexion between the bank and the Government; the receiving and paying away their notes as cash, and the use of the public money from the time of the collection to the disbursement, is the source of immense profit to the banks cannot be questioned. It is impossible, as I have said, to ascertain with any precision to what extent their issues and circulation depend upon it, but it certainly constitutes a large proportion. A single illustration may throw light upon this point. Suppose the government were to take up the veriest beggar in the street and enter into a contract with him, that nothing should be received in its dues or for the sales of its public lands in future, except gold and silver and his promissory notes, and that he should have the use of the public funds, from the time of their collection until their disbursement. Can any one estimate the wealth which such a contract would confer? His notes would circulate far and wide, over the whole extent of the Union; would be the medium through which the exchanges of the country would be performed, and his ample and extended credit would give him a control over all the banking institutions and money transactions of the community. The possession of an hundred millions would not give a control more effectual. I ask would it be fair, would it be equal, would it be consistent with the spirit of our institutions to confer such advantages on any individual? And if not on one, would it be if conferred on any number? And if not, why should it be conferred on any corporate body of individuals? How can they possibly be entitled to benefits so vast, which all most acknowledge could not be justly conferred on any number of unincorporated individuals?

I state not these views with any intention of bringing down odium on banking institutions. I have no unkind feeling towards them whatever. I

do not hold them responsible for the present state of things. It has grown up gradually, without either the banks or the community perceiving the consequences, which have followed the connexion between them. My object is to state facts as they exist, that the truth may be seen in time by all. This is an age of investigation. The public mind is broadly awake upon this all important subject. It affects the interests and condition of the whole community, and will be investigated to the bottom. Nothing will be left unexplored, and it is for the interest of both the banks and of the community, that the evils incident to the connexion should be fully understood in time, and the connection be gradually terminated, before such convulsions shall follow as to sweep away the whole system, with its advantages as well as its disadvantages.

But it is not only between citizen and citizen that the connection is unfair and unequal. It is as much so between one portion of the country and another. The connexion of the government with the banks, whether it be with a combination of State banks, or with a national institution, will necessarily centralize the action of the system at the principal point of collection and disbursement, and at which the mother bank, or the head of the league of state banks must be located. From that point the whole system, through the connexion with the Government will be enabled to control the exchange: both at home and abroad; and with it the commerce, foreign and domestic, including exports and imports. After what has been said, these points will require but little illustration. A single one will be sufficient; and I will take, as in the former instance, that of an individual.

Suppose, then, the Government, at the commencement of its operation, had selected an individual merchant, at any one point in the Union, say New York, and had connected itself with him, as it has with the banks, by giving him the use of the public funds from the time of their collection until their disbursement, and of receiving and paying away, in all its transactions, nothing but his promissory notes, except gold and silver; is it not manifest, that a decisive control would be given to the port where he resided, over all the others; that his promissory notes would circulate every where, through all the ramifications of commerce; that they would regulate exchanges; that they would be the medium of paying duty bonds; and that they would attract the imports and exports of the country, to the ports where such extraordinary facilities were afforded. If such would clearly be the effects in the case supposed, it is equally clear, that the concentration of the currency at the same point, through the connexion of the government with the banks, would have equal, if not greater effects; and that whether one general bank would be used as an agent, or a league of banks, which should have their centre there. To other parts of the country, the trifling advantages which a branch or deposit bank would give in the safe-keeping of the public revenue, would be as nothing, compared to the losses caused to their commerce by centralizing the money action of the country at a remote point. Other gentlemen can speak for their own section; I can speak with confidence of that, which I have the honor in part to represent. The entire staple states, I feel a deep conviction, banks and all, would, in the end, be great gainers by the disconnection, whatever might be the temporary inconvenience. If there be any other section, in which the effects would be different, it would be but to confirm the views which I have presented.

As connected with this, there is a point well deserving consideration. The union between bank and government is not only a main source of that dangerous expansion and contraction in the banking system, which I have already illustrated, but is also one of the principal causes of that powerful and almost irresistible tendency to the increase of banks which even its friends see and deplore. I dwell on this point on a former occasion, (on Mr. Webster's motion to renew the bank charter in 1835,) and will not repeat what I then said. But in addition to the causes then enumerated, there are many others very powerful, and among others the one under consideration. They all may be summed up in one general cause. We have made banking too profitable; far, very far too profitable; and, I may add, influential. One of the most ample sources of this profit and influence may be traced, as I have shown, to the connexion with the Government; and is of course, among the prominent causes of the strong and incessant tendency of the system to increase, which even its friends see must finally overwhelm either the banks or the institutions of the country. With a view to check its growth, they have proposed to limit the number of banks and the amount of banking capital by an amendment of the constitution; but it is obvious, that the effects of such an amendment, if it were practicable, would but increase the profit and influence of bank capital; and that finally it would justly produce such indignation on the part of the rest of the community against such unequal advantages, that in the end, after a long and violent struggle, the overthrow of the entire system would follow. To obviate this

difficulty, it has been proposed to add, a limitation upon the amount of their business: the effects of which would be the accommodation of favorites, to the exclusion of the rest of the community, which would be no less fatal to the system. There can be in fact, but one safe and consistent remedy: the rendering banking as a business, less profitable and influential; and the first and decisive step towards this is a disconnection between the banks and the government. To this may be added, some effectual limitation on the denomination of the notes to be issued, which would operate in a similar manner.

I pass over other objections to the connexion; the corrupting influence and the spirit of speculation which it spreads far and wide over the land. Who has not seen and deplored the vast and corrupting influence brought to bear upon the legislatures to obtain charters, and the means necessary to participate in the profits of the institutions? This gives a control to the government which grants such favors, of a most extensive and pernicious character, all of which must continue to spread and increase, if the connexion should continue, until the whole community must become one contaminated and corrupted mass.

There is another and a final reason, which I shall assign against the reunion with the banks. We have reached a new era with regard to these institutions. He who would judge of the future by the past in reference to them, will be wholly mistaken. The year 1833 marks the commencement of this era. That extraordinary man who had the power of imprinting his own feelings on the community, then commenced his hostile attacks, which have left such effects behind, that the war then commenced against the banks, I clearly see, will not terminate, unless there be a separation between them and the Government; until one or the other triumphs; till the Government becomes the bank, or the bank the Government. In resisting their union, I act as the friend of both. I have, as I have said, no unkind feeling towards the banks. I am neither a bank man, nor an anti-bank man. I have but little connexion with them. Many of my best friends for whom I have the highest esteem, have a deep interest in their prosperity, and as far as friendship or personal attachment extends, my inclination would be strongly in their favor. But I stand up here as the representative of no particular interest. I look to the whole, and to the future, as well as to the present; and I shall steadily pursue that course, which, under the most enlarged view I believe to be my duty. In 1834, I saw the present crisis. I, in vain, raised a warning voice, and endeavored to avert it. I now see, with equal certainty, one far more portentous. If this struggle is to go on; if the banks will insist upon a reunion with the Government, against the sense of a large and influential portion of the community; and above all, if they should succeed in effecting it, a reflux flood will inevitably sweep away the whole system. A deep popular excitement is never without some reason, and ought ever to be treated with respect; and it is the part of wisdom to look timely into the cause, and correct it before the excitement shall become so great, as to demolish the object, with all its good and evil against which it is directed.

The only safe course for both Government and banks, is to remain as they are separated; each in the use of their own credit, and in the management of their own affairs. The less the control and influence of the one over the other, the better. Confined to their legitimate sphere, that of affording temporary credit to commercial & business men, bank notes would furnish a safe & convenient circulation in the range of commerce and business, within which the banks may be respectively situated, exempt almost entirely from those fluctuations and convulsions to which they are now so exposed; or if they should occasionally be subject to them, the evil would be local and temporary, leaving undisturbed the action of the Government, and the general currency of the country, and the stability of which the prosperity and safety of the community so much depend.

I have now stated my objections to the reunion of the Government and the banks. If they are well founded; if the State Banks are of themselves incompetent agents; if a Bank of the United States be impracticable, or if practicable, would, at this time, be the destruction of a large portion of the existing banks, and of renewed and severe pecuniary distress; if it would be against the settled conviction of an old and powerful party, whose opposition time cannot abate; if the union of Government and banks adds to the unfit-ness of their notes for circulation, and be unjust and unequal between citizen and citizen, and one portion of the Union and another; and, finally, if it would excite an implacable and obstinate war which could only terminate in the overthrow of the banking system, or the institutions of the country, it then remains that the only alternative would be permanently to separate the two, and to reorganize the treasury so as to enable it to perform those duties which have heretofore been performed by the banks as its fiscal agents.— This proposed reorganization has been called a sub-treasury; an unfortunate word, calculated to mislead and con-

jure up difficulties and danger that do not in reality exist. So far from an experiment, or some new device, it is only returning to the old mode of collecting and disbursing public money, which, for thousands of years, has been the practice of all enlightened people till within the last century.

In what manner it is intended to reorganize the treasury by the bill reported I do not know. I have been too much engaged to read it; and I can only say, that for one, I shall assent to no arrangement which provides for a treasury bank, or that can be perverted into one. If there can be any scheme more fatal than a reunion with the banks at this time, it would be such a project. Nor will I give my assent to any arrangement which shall add the least unnecessary patronage. I am the sworn foe to patronage, and have done as much and suffered as much in resisting it as any one. Too many years have passed over me to change, at this late day, my course or principles. But I will say, that it is impossible so to organize the treasury for the performance of its own functions as to give to the Executive a tenth part of the patronage it will lose by the proposed separation, which, when the bill for the reorganization comes up, I may have an opportunity to show. I have ventured this assertion after much reflection, and with entire confidence in its correctness.

But something more must be done besides the reorganization of the treasury. Under the resolution of 1816 bank notes would again be received in the dues of the Government if the banks should resume specie payments. The legal, as well as the actual connexion, must be severed. But I am opposed to all harsh or precipitate measures. No great process can be effected without a shock but through the agency of time. I accordingly propose to allow time for the final separation; and with this view, I have drawn up an amendment to this bill, which, I shall offer at the proper time, to modify the resolution of 1816, by providing that after the 1st January next, three-fourths of all sums due to the Government may be received in the notes of specie paying banks; and that after the 1st of January next following one-half; and after the 1st of January next subsequent one-fourth; and after the 1st of January thereafter nothing but the legal currency of the United States, or bills, notes, or paper issued under their authority, and which may by law be authorized to be received in their dues. If the time is not thought to be ample, I am perfectly disposed to extend it. The period is of little importance in my eyes, so that the object be effected.

In addition to this, it seems to me that some measure, of a remedial character, connected with the currency, ought to be adopted to ease off the pressure while the process is going through. It is desirable that the Government should make as few and small demands on the specie market as possible during the time, so as to throw no impediment in the way of the resumption of specie payments. With this view, I am of the impression that the sum necessary for the present wants of the treasury should be raised by a paper, which should at the same time have the requisite qualities to enable it to perform the functions of a paper circulation. Under this impression, I object to the interest to be allowed on the treasury notes, which this bill authorizes to be issued, on the very opposite ground that the Senator from Massachusetts bestows his approbation. He approves of interest, because it would throw them out of circulation into the hands of capitalists, as a convenient and safe investment, and I disapprove because it will have that effect: I am disposed to ease off the process; he, I would suppose, is very little solicitous on that point.

But I go farther. I am of the impression, to make this great measure successful, and secure it against reaction, some stable and safe medium of circulation, to take the place of bank notes in the fiscal operations of the Government, ought to be issued. I intend to propose nothing. It would be impossible, with so great a weight of opposition, to pass any measure without the entire support of the administration, and if it were, it ought not to be attempted where so much must depend on the mode of execution. The best measure that could be devised might fail, and impose a heavy responsibility on its author, unless it met with the hearty approbation of those who are to execute it. I, then, intend merely to throw out suggestions, in order to excite the reflection of others on a subject so delicate and of so much importance, acting on the principle that it is the duty of all in so great a juncture, to present their views without reserve.

It is, then, my impression that in the present condition of the world, a paper currency in some form, if not necessary, is almost indispensable, in financial and commercial operations of civilized and extensive communities. In many respects it has a vast superiority over a metallic currency, especially in great and extended transactions, by its greater cheapness, lightness, and the facility of determining the amount. The great desideratum is, to ascertain what description of paper has the requisite qualities of being free from fluctuation in value, and liability to abuse in the greatest perfection. I have, shown, I trust, that the bank notes do not pos-

sess these requisites in a degree sufficiently high for this purpose. I go farther. It appears to me, after bestowing the best reflection I can give the subject, that no convertible paper, that is, no paper whose credit rests upon a promise to pay, is suitable for currency. It is the form of credit proper in private transactions between man and man, but not for a standard of value to perform exchanges generally, which constitute the appropriate functions of money or currency. The measure of safety in the two cases is wholly different. A promissory note, or convertible paper is considered safe, so long as the drawer has ample means to meet his engagements, and in passing from hand to hand, regard is had only to his ability and willingness to pay. Very different is the case in currency. The aggregate value of the currency of a country necessarily bears a small proportion to the aggregate value of its property. This proportion is not well ascertained, and is probably subject to considerable variation in different countries, and at different periods in the same country. It may be assumed conjecturally, in order to illustrate what I say, at one to thirty. Assuming this proportion to be correct, which probably is not very far from the truth, it follows that in a sound condition of the country where the currency is metallic, the aggregate value of the coin is not more than one in thirty of the aggregate value of the property. It also follows, that an increase in the amount of the currency, by the addition of a paper circulation of no intrinsic value, but increases the nominal value of the aggregate property of the country in the same proportion that the increase bears to the whole amount of currency, so that if the currency be doubled, the nominal value of the property will also be doubled. Hence it is, that when the paper currency of a country is in the shape of promissory notes, there is a constant tendency to excess. We look for their safety to the ability of the drawer and so long as his means are ample to meet his engagements, there is no distrust, without reflecting that, considered as currency, it cannot safely exceed one in thirty in value compared to property; and the delusion is further increased by the constant increase in value of property, with the increase of the notes in circulation, so as to maintain the same relative proportion. It follows that a government may safely contract a debt many times the amount of its aggregate circulation; but, if it were to attempt to put its promissory notes in circulation in amount equal to its debts, an explosion in the currency would be inevitable. And hence, with other causes, the constant tendency to an excessive issue of bank notes in prosperous times, when so large a portion of the community are anxious to obtain accommodation, and who are disappointed when negotiable paper is refused by the banks, not reflecting that it would not be safe to discount beyond the limits I have assigned for a safe circulation, however good the paper offered.

On what, then, ought a paper currency to rest? I would say on demand and supply simply, which regulates the value of every thing else—the constant demand which the Government has on the community for its necessary supplies. A medium resting on this demand, which simply obligates the Government to receive it in all of its dues, to the exclusion of every thing else except gold and silver, and which shall be optional with those who have demands on Government to receive or not, would, it seems to me, be as stable in its value as those metals themselves, and be as little liable to abuse as the power of coining. It would contain within itself a self regulating power. It could only be issued to those who had claims on the Government, and to those only with their consent, and of course only at or above par with gold and silver, which would be its habitual state; for as far as the Government was concerned, it would be equal in every respect to gold and silver, and superior in many; particularly in regulating the distant exchanges of the country. Should, however, a demand for gold and silver from abroad or other accidental causes depress it temporarily, as compared with the precious metals, it would then return to the treasury, and as it could not be paid out during such depression, its gradual diminution in the market would soon restore it to an equality, when it would again flow out into the general circulation. Thus there would be a constant alternate flux and reflux into and from the treasury, between it and the precious metals; but if at any time a permanent depression in its value, be possible from any cause, the only effect would be to operate as a reduction of taxes on the community, and the only sufferer would be the Government itself.— Against this, its own interest would be a sufficient guarantee.

Nothing but experience can determine what amount and of what denominations might be safely issued; but it may be safely assumed that the country would absorb an amount greatly exceeding its annual income. Much of it would be received in dues to her. It was also made a legal tender, but, which of course, was not obligatory after the adoption of the Federal Constitution. A large amount, say between four and five hundred thousand dollars, remained in circulation after that period, and continued to circulate for more than twenty years at par with

gold and silver, during the whole time, with the exception of a few years, when the revenue of the State, which was less than \$100,000 per annum, I speak on the authorization of citizens of that State, on whom I can rely.

But whatever may be the amount, that can be circulated, I hold it clear, that to that amount, it would be as stable in value as gold & silver itself, provided the Government would receive it exclusively with those metals in all its dues, and that it be left perfectly optional with those who have claims on the Government, to receive or not. It will also be a necessary condition, that notes of too small a denomination should not be issued, so that the Treasury shall have ample means to meet all demands, either in gold or silver, or the bills of the Government, at the option of those who have claims on it. With these conditions, no further variation could take place between it and gold and silver, than what would be caused by the action of commerce. An annual demand from abroad, in their relative value, and depress it, and the Government bills in the same proportion, which would cause them to flow into the Treasury, and gold and silver to flow out; while on the contrary an increased demand for the bills in the domestic exchange would have the reverse effect, causing, as I have stated, an alternate flux and reflux into the Treasury, between the two, which would at all times keep their relative values either at or near par.

No one can doubt that the fact of the Government receiving and paying away bank notes in all its fiscal transactions, is one of the principal sources of their great circulation, and it was mainly on that account that the notes of the late bank of the United States, so freely circulated all over the Union. I would ask then, why should the Government mingle its credit with that of private corporations? No one can doubt, that the Government credit is better than that of any bank; more stable and more safe. Why then should it mix it up with the least perfect credit of those institutions? Why not use its own credit to the amount of its own transactions? Why should it not be safe in its own hands, which it shall be considered as safe in the hands of 800 private institutions scattered all over the country, and which have no other object, but their own private profit, to increase which, they almost constantly extend their business to the most dangerous extremes? And why should the community be compelled to give six per cent discount for the Government credit, when the Government could have had its notes received, without discount, to the mutual advantage of the Government and the community? Why, to me ask should the Government be exposed to such difficulties as the present, by mingling its credit with the banks, when it could be exempt from all such by using by itself, its own credit to the amount of its own transactions? I am of the opinion, that the Government, which has a deep interest in a sound and safe currency, and the equality of the laws between one portion of the citizens and the country, and should not should reflect seriously on these things; not for the purpose of opposing any interest, but to correct gradually disorders of a dangerous character, which have incessantly, in the long course of our history, been perceived by any one who has scanned the history of the country, between credit and no credit, and some of our own people believe, but in what form credit can best perform, the functions of a sound and safe currency. On this important point I have freely thrown out my ideas, leaving it to this body and the public to determine what they are worth. Believing that there is a sound and safe paper currency founded on the credit of Government, and especially, I was desirous that those who are responsible and have the power, should have enabled themselves of the opportunity of the temporary deficit of the Treasury and the postponement of the fourth instalment, intended to be deposited with the States, to use them as the means of affording a circulation for the present relief of the country, and the relief of the Government, by separating them from the States, and by expending them in the purchase of a permanent and safe circulation, which would greatly facilitate the operations of the Treasury, and afford incidentally, much facility to the commercial operations of the country. But a different direction was given, and when the alternative was presented of a loan, or the withholding of the fourth instalment from the States, I have endeavored to give a decided vote for withholding it.— My aversion to a public debt is deep and durable. It is, in my opinion, pernicious, and a little short of a fraud on the public. I saw too much of it during the war not to understand something of the nature and character of public debt. Never was a country more egregiously imposed on.

Having now presented my views of the currency, and the measures, which the permanent policy of the country, looking to its prosperity and lasting prosperity, requires, I beg to say, in reply to the question, which I have asked in this last, not that I am devoid of sympathy for the country in the pecuniary distress, which now pervades it. No one struggled earlier or longer to prevent it, than myself, nor can any one more sensibly feel the wide spread blight, which has suddenly blasted the hopes of so many, and precipitated thousands from affluence to poverty. The desolation has fallen mainly on the mercantile class—a class which I have ever held in the highest estimation. No country ever had a superior body of merchants, of higher honor, of more daring enterprise, or of greater skill and energy. The ruin of such a class is a heavy calamity, and I am solicitous among other things, to give such stability to our currency, as to prevent the recurrence of a similar calamity hereafter. But it was first necessary, in the order of things, that we should determine what sound policy, looking to the future, demands to be done, at the present juncture, before we consider the question of relief, which, as urgent as it may be, is subordinate and must yield to the former. The patient lies under a dangerous disease, with a burning thirst and other symptoms, which distress him more than the vital organs which are attacked. The skillful physician first makes himself master of the nature of the disease, and then determines on the treatment necessary for the restoration of health. This done, he next alleviates the distressing symptoms as far as is consistent with the restoration of health, and goes no farther. Such shall be my course. As far as possibly can, consistently with the views I entertain, and what I believe to be necessary to restore the body politic to health, I will do every thing in my power to mitigate the present distress. Further I cannot go.

After the best reflection, I am of opinion, that the Government can do but little in the way of relief; and that it is a case which must be mainly left to the constitution of the patient, who, thank God is young, vigorous and robust, with a constitution sufficient to bear, to sustain and overcome the severest attack. I treat the doctor and his drugs much more than the disease itself. The distress of the country consists in its indebtedness to its debts, and only be relieved in payment of its debts. To effect this, industry, frugality, economy and labor, are necessary, not only on the growing crop—the cotton, rice, and tobacco of the south, than on all the projects or devices of politicians. I am utterly opposed to all coercion by this Government.— But Government may do something to relieve the distress. It is out of debt, and is one of the principal creditors both of the banks and of the merchants, and should set an example of liberal indulgence. This I am willing to give freely. I am also prepared to vote for the use of Government credit in some form to supply any deficit in the circulation during the process of recovery, as far as financial wants will permit. I see not what more can be safely done. But my vision may be obtuse upon this subject. Those who differ from me, and who profess so much sympathy for the public, seem to me that they should relief may be afforded. I hope they will present their views. I am anxious to