

Improper use of words; and among not the least mischievous is the application of this word to bank transactions, in a sense wholly different from its original meaning. Originally it meant a thing placed in trust, or pledged to be safely and sacredly kept, till returned to the depositor, without being used by the depository, while in his possession. All this is changed when applied to a deposit in bank. Instead of returning the identical thing, the bank is understood to be bound to return only an equal value; and instead of not having the right to loan it out on interest, or to dispose of it as it pleases, with the single condition that an equal amount be returned, when demanded, which experience has taught is not always done. To place, then, the public money in deposit, in bank, without restriction, is to give the free use of it, and to allow them to make as much as they can out of it, between the time of deposit and disbursement. Have we such a right? The money belongs to the people—collected from them for specific purposes—in which they have a general interest—and for that only; and what possible right can we have to give such use of it to certain selected corporations? I ask for the provision of the Constitution that authorizes it. I ask, if we could grant the use, for similar purposes, to private associations or individuals? Or if not to them, to individual officers of the government; for instance, to the four principal receivers under this bill, should it pass? And if this cannot be done, that the distinction be pointed out.

If these questions be satisfactorily answered, I shall propound others still more difficult. I shall then ask, if the substitute should become a law, and the twenty-five banks be selected, whether they would not in fact be the Treasury? And if not, I would ask, where would be the Treasury? But if the Treasury, I would ask, if public money in bank would not be in the Treasury? And if so, how can it be drawn from it to be lent for the purpose of trade, speculation, or any other use whatever, against an express provision of the Constitution? Yes, as express as words can make it. I ask the Secretary to read the 1st article, 9th section, and the clause next to the last.

"No money shall be drawn from the Treasury, but in consequence of appropriations made by law; and a regular statement and account of the receipts and expenditures of all public money shall be published from time to time."

How clear! How explicit! No money to be drawn from the Treasury but in consequence of appropriations made by law, and the sum allotted to effect it, specified; and yet we have lived in the daily and habitual violation of this great fundamental provision, from almost the beginning of our political existence to this day. Behold the consequences! It has prostrated and engulfed the very institutions which have enjoyed this illicit favor, and tainted, above all other causes, the morals and politics of the whole country. Yes, to this must be traced, as one of the main causes, the whole system of excessive revenue, excessive expenditure, and excessive surpluses; and to them, especially the last, the disastrous overthrow of the banks and the currency, and the unexampled degeneracy of public and private morals, which have followed. We have suffered the affliction, may the blessing, which follows chastisement, when its justice is confessed, come in due season.

But I take a still higher ground. I strike at the root of the mischief. I deny the right of this government to treat bank notes as money in its fiscal transactions. On this great question, I never have before committed myself, tho' not generally disposed to abstain from forming or expressing opinions. In all instances, in which a National Bank has come in question, I have invariably taken my ground, that if the government has the right to receive and treat bank notes as money, it had the right, and was bound under the constitution to regulate them, so as to make them uniform and stable as a currency. The reasons for this opinion are obvious, and have been so often and fully expressed on former occasions, that it would be useless to repeat them now; but I never examined fully the right of receiving, or made up my mind on it, till since the catastrophe in May last, which, as I have said, entirely separated the government from the banks. Previous to that period, it was an abstract question, with no practical bearing; as much so as is now the constitutional right of admitting Louisiana into the Union. Things are now altered. The connexion is dissolved; and it has become a practical question of the first magnitude.

The mover of the substitute assumed as a postulate, that this government had a right to receive in its dues, whatever it might think proper. I deny the position *à toto*. It is one that ought not to be assumed, and cannot be proved, and which is opposed by powerful objections. The genius of our Constitution is opposed to the assumption of power. Whatever power it gives is expressly granted; and if proof were wanted, the numerous grants of powers far more obvious and apparently much more safe to be assumed than the one in question, would afford it. I shall cite a few striking instances.

If any powers might be assumed,

one would suppose, that of applying money to pay the debts of the government, and borrowing it to carry on its operations would be among them; yet both are expressly provided for by the Constitution. Again, to Congress is granted the power to declare war and raise armies and navies; yet the power to grant letters of marque and reprisal and to make rules for the regulation of the army and navy are not left to assumption, as obvious as they are, but are given by express grant. With these and other instances not less striking, which might be added, it is a bold step to assume, without proof, the far less obvious power of the government receiving whatever it pleases in its dues as money. Such an assumption would be in direct conflict with the great principle which the State Rights party, with which the Senator (Mr. Rives) classes himself, have ever adopted in the construction of the constitution. But, if the former cannot be assumed, it would be in vain to attempt to prove that it has been granted, or that it is necessary and proper to carry any of the granted powers into effect. No such attempt has been made, nor can be, with success. On the contrary, there are strong objections to the power, which, in my opinion cannot be surmounted.

If once admitted, it would lead by consequence to a necessary interference with individual and State concerns never contemplated by the constitution. Let us, for instance, suppose that, acting on the assumption of the Senator, the government should choose to select tobacco as an article to be received in payment of its dues, which would be as well entitled to it as any other product, and in which the Senator's constituents are so much interested. Does he not see the consequences? In order to make its taxes uniform, which it is bound to do by the constitution, and which cannot be done unless the medium in which it is paid is so, the government would have to assume a general control over the great staple in question; to regulate the weight of the hoghead or package; to establish inspections under its own officers in order to determine the quality, and whatever else might be necessary to make the payments into the treasury uniform. So likewise, if the still greater staple, cotton, be selected. The weight of the bale, the quality of the cotton, and its inspection would all necessarily fall under the control of the Government; and does not the Senator see that the exercise of a power that must lead to such consequences—consequences so far beyond the sphere assigned to this government by the constitution, must be rejected extend only to these and other staple articles. It applies with equal, if not greater force, to receiving the notes of State banks, as proposed by this substitute, in the dues of the Government and the management of its fiscal concerns. It must involve the Government in the necessity of controlling and regulating State banks, as this substitute abundantly proves, as well as the whole history of our connection with them; and it has been shown that banks are, at least, as far removed from the control of this Government as the cultivators of the soil, or any other class of citizens. To this I might add another objection; not less strong, that for the Government to receive and treat bank notes as money in its dues, would be in direct conflict, in its effect, with the important power conferred expressly on Congress of coining money and regulating the value thereof; but as this will come in with more propriety in answer to an argument advanced by the Senator from Massachusetts, (Mr. Webster,) I shall now state his argument and reply to it.

He asserted again and again, both now and at the extra session, that it is the duty of the Government not only to regulate, but to furnish a sound currency. Indeed it is the principle argument relied on by the Senator in opposition to the bill, which he says abandons this great duty. Now, if by currency be meant gold and silver coins, there will be but little difference between him and myself. To that extent the Government has a clear and unquestionable right by express grant; but if he goes farther, and intends to assert that the Government has the right to make bank notes a currency, which it is bound to regulate, then his proposition is identical in effect, though differently expressed, with that of the Senator from Virginia; (Mr. Rives,) and all the arguments I have urged against it are equally applicable to his. I hold, on my part, that the power of the Government on this subject is limited to coining money and regulating its value, and punishing the counterfeiting of the current coins;—that is, of the coins made current by law, the only money known to the Constitution. It is time to make a distinction between money or currency if you please—between that which will legally pay debts, and mere circulation, which has its value from its promise to be paid in the former; and under which classification, bank notes as well as bills or promissory notes of individuals fall. These are all in their nature private and local, and cannot be elevated to the level of currency, or money, in the fiscal transactions of the Government, without coming into conflict, more or less with the object of the Constitution in vesting the very power in Congress, which I shall now

proceed to show. It will hardly be questioned, that the object was to fix a standard in order to furnish to the Union a currency of uniform and steady value, and was therefore united in the same sentence with the relative power, to fix the standard of weights and measures,—the objects being similar. Now, if our experience has proved any thing, it has amply shown that so long as the Government is connected with the banks, and their notes received in its transactions, as money, so long it is impossible to give any thing like stability to the standard of value; and that the power of coining, and regulating the coins, becomes in a great measure a mere nullity. Every dollar issued in bank notes, when it is made the substitute for money, drives out of circulation more or less of the precious metals; and when the issue becomes exorbitant, gold and silver almost entirely disappears, as our experience at this time proves. The effects are analogous to alloying or clipping the coin, as far as stability of standard is concerned; and it would be not less rational to suppose, that such a power on the part of individuals, would be consistent with a uniform and stable currency, than to suppose the receiving and treating bank notes as a substitute for money by the Government, would be. The only check or remedy is to restrict them to their proper sphere, to circulate in common with bills of exchange or other private and local paper, for the convenience of business and trade. So far from such a course operating injuriously on the people, or from being liable to the charge of forming one currency for the people and another for the Government, as has been so often and with such effect repeated,—it is the very reverse. Government by refusing to receive bank notes, as it is bound to do, would in fact furnish a choice to the people, to take either money or notes at their pleasure. The demand of the Government will always keep a plentiful supply of the former in the country, so as to afford the people a choice, while the opposite would expel the money and leave no option to them but to take bank notes or worse, as at present.

I have now shown how it is proposed to form the league of banks, and have presented the constitutional impediments that stand in the way.—These are numerous and strong; so much so, that they ought to be irresistible with all, except the latitudinarian construction; but I cannot expect they will produce their full effect. I know too well the force of long entertained impressions, however erroneous, to be sanguine—how strongly the mind rebels against the explosion of the old. Yet, in this case, where we clearly see how gradually and silently error crept in under the disguise of words, applied to new and totally different ideas, without exciting notice or alarm; and when we have experienced such deep disasters in consequence of parting from the plain intent and meaning of the Constitution, I cannot but hope that all who believe that the success of the Government depends on a rigid adherence to the Constitution, will lay aside all previous impressions, taken up without reflection; and give to the objections their due weight.

I come now to the next point, to show how this league is to be revived or stimulated into life. Till this can be done, the substitute, should it become a law, would be a dead letter.—The selection is to be made from specie paying banks. None but such can receive the public deposits, or have their notes received in the dues of the Government. There are none such now. The whole banking system lies inanimate; and must be revived before it can be reunited with the Government. No one is bold enough to propose an union with this lifeless mass. How then is the vital spark to be revived? how the breath of life, the Promethean fire, to be breathed into the system anew, is the question? This is the task.

The mover tells us, that it must be the work of the Government. He says that it is bound to aid the banks to resume payments; and for that purpose ought to hold out to them some adequate inducement. He tells us, that they have been long preparing and had made great efforts, but can go no farther; have rolled the round, huge rock almost to the summit, but unless the Government put forth its giant arm, and give the last push, it will recoil and rush down the steep to the bottom, and all past labor be lost. Now, what is this adequate inducement? What this powerful stimulus, which it is proposed the Government should apply, in order to enable the banks to accomplish this herculean task? The substitute shall answer.

It proposes to fix the 1st of July next for the period of resumption; and as the inducement to resume, it proposes to select twenty-five of the most respectable and solid, out of the resuming banks to be the depositories of the public moneys, and the fiscal agent of the Government, as has been already stated. It also proposes, and this is the stimulus, the essence of the whole,—to make the notes of such banks as may resume on or before that day exclusively receivable in the public dues. Here is a *quid pro quo*; something proposed to be done, for which something is to be given. We tell the banks plainly, if you resume, we on our part stipulate to make twenty-five of you our fiscal agents and depositories of

the revenue; and we further stipulate that those who resume by the time fixed, shall have the exclusive privilege forever of having their notes receivable in the dues of the Government, in common with gold and silver. If the banks perform their part, we shall be bound in honor and good faith to perform ours. It would be a complete contract, as obligatory as if signed, sealed, and delivered. Such is the inducement.

The next question is, will it be adequate? Yes, abundantly adequate. The battery is strong enough to awaken the dead to life; the consideration sufficient to remunerate the banks for whatever sacrifice they may be compelled to make, in order to resume payment. It is difficult to estimate the value of these high privileges, or prerogatives, as I might justly call them. They are worth millions. If you were to enter into a similar contract with an individual, I doubt not, that he could sell out in open market for at least thirty, forty, or fifty millions of dollars. I do then the mover the justice to say, that his means are ample to effect what he proposes. As difficult as is the work of resumption,—and difficult it will turn out to be when tried,—the inducement will prove all sufficient. But the resumption, however desirable, may be purchased too dearly; and such would prove to be the case, should the project succeed. Not only is the offer too great, but the mode of effecting it is highly objectionable. Its operation would prove not less disastrous than the bargain has been shown to be unconstitutional, which I shall now proceed to establish.

The offer will have a double effect. It will act as a powerful stimulus to resumption, but will act at the same time with equal force to excite a struggle among the banks, not only to resume themselves but to prevent others from resuming. The reason is clear. The advantage to each will increase, as the number of the resuming banks decreases; and of course, the great point of contest among the strong will be to restrict the proffered prize to the smallest number. The closer the monopoly the greater the profits. This struggle a combination of a few powerful and wealthy banks, the most respectable and solid, as designated in the substitute, will overthrow and trample down the residue. Their fall will spread desolation over the land. Whatever may be the fate of others in this desperate contest, there is one, in relation to which no doubt can be entertained; I refer to the United States Bank of Pennsylvania, a long name and a misnomer, and which, for the sake of brevity, but with no personal disrespect to the distinguished individual at the head, I shall call Mr. Biddle's bank. That, at least, will be one of the winners—one of the twenty-five to whom the prize will be assigned.—Its vast resources, its wealth and influential connexions, both at home and abroad, the skill and ability of the officer at its head, and, what is less honorable, the great resource it holds, in the notes of the late United States Bank, of which more than six millions have been put into circulation, in violation, to say the least, of a trust, constituting more than five-sixths of all its circulation, and which it is not bound to pay,—with the still greater amount on hand, making in the whole more than twenty-six millions, and which may be used the same way, if not prevented, would place it beyond all doubt among the victors. He starts without proper weights, and will lead the way from the first.—Who the others may be is uncertain; this will depend mainly upon his good will and pleasure. It may be put down as certain, whoever they may be, that they will be powerful and influential, and not unfavorable to his interest or aggrandizement.—But the mischievous effect will not be limited to this death-like struggle, in which so many must fall and be crushed, that might otherwise weather the storm. The forced resumption, for such it would be in effect, would be followed by wide spread desolation.—It is easy to sink to suspension, but hard to return to resumption. Under the most favorable circumstances, and when conducted most leisurely and cautiously, the pressure must be severe; but, if coerced or precipitated by bankrupt laws or temptations such as this, it will be ruinous. To make it safe and easy must be the work of time.—Government can do but little. The disease originates in excessive indebtedness, and the only remedy is payment or reduction of debts. It is estimated, that when the banks suspended payments, the community was indebted to the enormous sum of \$475,000,000. To reduce this within the proper limits, is not the work of a few days, and can be but little aided by us. The industry and the vast resources of the country, with time, are the only remedies to be relied on for the reduction; and to these, with the State Legislatures, and the public opinion, the resumption must be left.—To understand the subject fully, we must look a little more into the real cause of the difficulty.

This enormous debt was incurred in prosperous times. The abundant means of the banks, from the surplus revenue and a combination of other causes, induced them to discount freely. This increased the circulation; and with its increase, its value depreciated, and prices rose proportionably. With this rise, enterprise and speculation seized

the whole community, and every one expected to make a fortune at once; and this in turn gave a new impulse to discounts and circulation, till the swelling tide burst its barriers and deluged the land. Then began the opposite process of absorbing the excess.—If it had been possible to return it back to the banks, the sources from which it flowed, through its debtors, the speculation, enterprising, and business portion of the community, the mischief would have been in a great measure avoided. But circulation had flowed off into other reservoirs; those of the moneyed men and bankers, who hoard when prices are high, and buy when they are low. The portion thus drawn off and held in deposit, either in banks or the chests of individuals, was as effectually lost, as far as the debtors of the banks were concerned, as if it had been burnt. The means of payment was thus diminished; prices fell in proportion, and the pressure increased as they fell. Though the amount in circulation be greatly reduced, yet the banks are afraid to discount, lest on resumption, the hoarded mass of deposits held by individuals or other banks, should be let loose, and, in addition to what might be put into circulation should discounts be made, would cause another inundation to be followed by another suspension. How is this difficulty to be safely surmounted, but by unlocking the hoarded means? And how is that to be done, without deciding the currency question? This is the first and necessary step. That done, all will be able to calculate, and determine what to do.—The period of inaction and uncertainty would cease, and that of business revive. Funds that are now locked up, would be brought again into operation, and the channels of circulation be replenished in the only mode that can be done with safety. Thus thinking, I am now and have been from the first in favor of an early decision, and averse to all coercion, or holding out temptation to resume; leaving the disease to the gradual and safe operation of time, with as little tampering as possible. In the mean time, I hold it to be unwise to cease discounting, and to adopt an indiscriminate system of curtailment.—Its effects are ruinous to the business of the country, and calculated to retard, rather than to accelerate a resumption. The true system, I would say, would be to discount with business paper as freely as usual, and curtail gradually on permanent debts. The former would revive business, and would increase the debts to the banks less than it would increase the ability of the community to pay them.

[To be concluded in our next.]

## TWENTY-FIFTH CONGRESS.

### IN SENATE.

Saturday March 5.

Mr. Strange finished his speech on the Sub-Treasury Bill.

### HOUSE OF REPRESENTATIVES.

As soon as the Reports of Committees and other morning business, were over, Mr. Cambreling proposed to suspend the rules of the house, making Cus Private Bill day, for the purpose of taking up the Appropriation Bills. This required a vote of two thirds. The division, (by yeas and nays,) was as follows: Yeas 121. Nays 56,—and the rule was suspended.

The Pensioners' Appropriation Bill was resumed. The debate on this bill proceeded upon the same grounds as before.—Cam denying, in the face and eyes of evidences clear as the day light, that the pension money had been advanced from four to six months before the time of payment, in order to pay the agents for doing what the law expressly says they shall not be paid for doing at all—Curtis and Marvin, of New York, aided by the abilities of Judge Chambers of Kentucky, brought this home to the party, in a most decidedly discomfiting way. At length one of Cambreling's Taylor by name, from the same State, moved the "P Q" and the pension bill was passed.

### IN SENATE.

Monday March 5.

Mr. Clay presented the memorial of a large number of citizens of Virginia, remonstrating against exaction of specie in payments of postages.—These memorialists state the fact that Stockton & Stokes, mail contractors, while they were in the receipt of specie kept in issue their own individual small notes. As being a matter appertaining to the Post office, Mr. Clay moved to refer this memorial to the committee on that department. As being a matter of finance, Mr. Grundy was for referring it to the committee of Finance. Mr. Clay said that wherever it went it would elicit no report, nor produce any remedy. Mr. Grundy's proposition prevailed.

Mr. Buchanan, from the committee on Foreign Relations, reported the Neutrality Bill passed a few days since by the House.—The committee reported some amendments. One proposes to restrict the seizures, under the act, to arms and munitions of war. Another limits the proviso, (that the act shall not interfere with any trade carried on according to existing treaties and the law of nations,) to ships at sea. Another proposes to limit the operation of the bill to two years. There were two more, but very unimportant. Thus amended, the Bill was ordered to be engrossed and read a third time.

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The Pension Appropriation Bill

(which passed the House on Saturday,) was read twice and referred to the committee of Finance.

Mr. Merrick occupied the remainder of this day's session of the Senate, in an able, eloquent, and forcible speech in opposition to the Treasury Bank bill.

### HOUSE OF REPRESENTATIVES.

#### Resolutions Presented.

One by Mr. Morgan of Virginia, proposing such an amendment of the Constitution of the United States, as would render the carrying or accepting a challenge to a duel, fighting a duel, or aiding or assisting in a duel, or such an offence against the law of the land, as to make the offender ineligible to any office of honor or profit, under the government.

A motion being made by Mr. Johnson, of Maryland to lay this subject on the table, the Speaker remarked that the resolution, if it give rise to debate, must lie over. And it lies over accordingly.

One by Mr. Graham proposing that the committee of Elections require in the expediency of instituting a new mode of settling contested elections, appointing the committee, at every session of Congress, by drawing from a bar, &c., somewhat after the fashion pursued in the British Houses of Commons. The Enquiry was ordered.

One of Mr. Adams proposing that a select committee be appointed, with power to send for persons and papers, and to report upon a letter and memorial which, on leave, he sent to the chair, and had read. This letter was dated at Rocky Mount, Va. in February, 1838, and was signed by J. T. Brown and twelve others,—as John Smith and such other names—it appealed to Mr. Adams as being a warm and consistent advocate of the sacred right of petition to offer a memorial which they enclosed.—That memorial requested Congress to expel Mr. Adams from the House, for having offered so many memorials for the abolition of slavery in the District of Columbia. The letter and memorial being read.

Mr. Stewart of Va., rose and remarked that they purported to come from his district, and he was convinced that the names appended to them were all fictitious. He moved, therefore, that they lie upon the table.

Mr. Patton of Va. moved they be not received.

The Chair remarked that that motion was not then in time; and the motion to lay on the table prevailed.

Mr. Lawler of Alabama presented certain resolutions of the legislature of that State, favorable to the annexation of Texas to the Union. He moved they lay on the table, and be printed.

Mr. Adams asked for the reading of the resolutions, and they were accordingly, at length, whereupon Mr. Adams remarked that, as the resolution contained a labored argument upon this subject, professedly founded, too, on the ground that that existing balance between the North and Southern sections of Union, would be thereby altered, he (Mr. Adams) hoped that they would be referred to a select committee. The motion of Mr. Lawler, to lay them on the table, having precedence, Mr. Adams called for the yeas and nays, which being ordered, the motion prevailed by a vote of 109 to 40.

### IN SENATE.

Tuesday, March 6.

Mr. Clayton, from the Committee on the Judiciary, reported the bill offered to them to prevent the giving or accepting of challenges to duels in the District of Columbia, with amendments, the principal one of which was the substitution for the penalty of death, from ten to twenty years' confinement in the penitentiary. The amendments were read, and the bill was made the special order for Monday next. The Senate resumed the consideration of the Sub-Treasury bill, and the substitute for it, offered by Mr. Rives.

Mr. Norvell spoke two hours in favor of the bill.

### HOUSE OF REPRESENTATIVES.

The Neutrality Bill as amended by the

Senator came up for consideration. The House agreed to all the Senate amendments but one, and sent it back. The Senate insisted. The House insisted, and now a committee of conference are discussing the matter.

The House was to prohibit all interference with the trade with certain countries in arms &c. by land and sea. The Senate were for restricting by land only, and here lies the difference. Messrs. Buchanan, Clay, of Ky. and ——— were appointed on the Conference, and Messrs. Howard, Patton, and Carwin, were appointed by the House.

The remainder of the day was spent in the consideration of the general appropriation bill.

### IN SENATE.

Wednesday March 7.

Mr. Buchanan moved to postpone the Sub-Treasury Bill, in obedience to the instructions of the Legislature of Pennsylvania.

Upon this question the yeas and nays were ordered—and below you have the division.

Yeas—Messrs. Blyward, Buchanan, Clay, of Ky., Clayton, Crittenden, Davis, Grundy, Knight, McKean, Merrick, Prentiss, Preston, Rives, Robbins, Ruggles, Smith, of Ind., Southard, Spencer, Swift, Tallmadge, Tipton, Webster, White—23.

Nays—Messrs. Allen, Benton, Brown, Calhoun, Clay of Ala., Cuthbert, Fulton, Hubbard, King of Ala., Linn, Lumpkin, Lyon, Morris, Mouton, Nicholas, Niles, Norvell, Pierce, Roman, Robbins, Sevier, Smith of Conn., Sprague, Tipton, Trotter, Walker, Wall, Williams, Wright, Young—29.

But this division is not a perfect criteria of the ultimate vote upon the Bill. It is said that Cuthbert, and Nicholas will certainly vote against the Bill. And why should not Wall, Lumpkin, Trotter, and Walker? But the Bill would probably pass the Senate, by a vote of 23 to 29.

The question then resuming on Mr. Rives' substitute for the bill, Mr. Preston stated some amendments to the substitute, the first