

"Ours are the plans of fair delightful peace, unwarp'd by party rage, to live like brothers."

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**JOSEPH GABLES & SON,**  
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**MR. CLAY'S SPEECH CONCLUDED.**

Another conclusive evidence of the hostility to the State banks, on the part of Mr. Van Buren, is to be found in that extraordinary recommendation of a bankrupt law contained in his message at the extra session. According to all the principles of any bankruptcy system with which I am acquainted, the banks, by the stoppage of specie payment, had rendered themselves liable to its operation. If the recommended law had been passed, commissions of bankruptcy could have been immediately sued out against all the suspended banks, their assets seized, and the administration of them transferred from the several corporations to which it is now intrusted to commissioners appointed by the President himself. Thus, by one blow, would the whole of the State banks have been completely prostrated, and the way cleared for the introduction of the favorite Treasury bank; and is it not in the same spirit of unfriendliness to those banks, and with the same view of removing all obstacles to the establishment of a Government bank, that the bill was presented to the Senate a few days ago by the Senator from Tennessee [Mr. GRUNDY] against the circulation of the notes of the old Bank of the United States? At a time when there is too much want of confidence, and when every thing that can be done should be done to revive and strengthen it, we are called upon to pass a law denouncing the heaviest penalty and ignominious punishment against all who shall reissue the notes of the old Bank of the United States, of which we are told that about seven millions of dollars are in circulation; and they constitute the best portion of the paper medium of the country; the only portion of it which has a credit everywhere, and which serves the purpose of a general circulation; the only portion with which a man can travel from one end of the continent to the other; and I do not doubt that the Senator who has flung these severe penalties and punishments against that best part of our paper medium provides himself with a sufficient amount of it, whenever he leaves Nashville, to take him to Washington.

[Here Mr. GRUNDY rose and remarked: No, sir; I always travel on specie.]

Mr. CLAY continued Mr. CLAY, my old friend is always specious. I am quite sure that members from a distance in the interior generally find it indispensable to supply themselves, on commencing their journey, with an adequate amount of these identical notes to defray their expenses. Why, sir, will any man in his senses deny that these notes are far better than those which have been issued by that Government banker, Mr. Levi Woodbury, aided though he be by the chancellor of the exchequer, (I beg his pardon, I mean the exchanger,) the Senator from New York, [Mr. WRIGHT?] I am not going to stop here to inquire into the strict legality of the reissue of these notes; that question, together with the power of the Government to pass the proposed bill, will be taken up when it is considered. I am looking into the motive of such a measure. Nobody doubts the perfect safety of the notes; no one can believe that they will not be fairly and fully paid. What, then, is the design of the bill? It is to assail the only sure general medium which the people possess. It is because it may come in competition with Treasury notes or other Government paper. Sir, if the bill had not been proposed by my old friend from Tennessee, I would say its author better deserved a penitentiary punishment than those against whom it is directed. I remember to have heard of an illustrious individual, now in retirement, having, on some occasion, burst into the most patriotic indignation, because of a waggish trick played off upon him, by putting a note of the late Bank of the United States into his silk purse with his gold.

But it is unnecessary to dwell longer on the innumerable proofs of the hostility against the State Banks, and the deliberate purpose of these in power to overthrow them. We hear and see daily, throughout the country, among their partisans and presses, denunciations against banks, corporations, rag barons, the spirit of monopoly, &c.; and the howl for gold, hard money, and the constitutional currency; and no one can listen to the speeches of honorable members, friends of the administration, in this House and the other, without being impressed with a perfect conviction that the destruction of the State banks is meditated.

I have fulfilled my promise, Mr. President, to sustain the first four propositions

with which I sat out. I now proceed to the fifth proposition:

5. That the bill under consideration is intended to execute Mr. Van Buren's pledge, to complete and perfect the principles, plans, and policy, of the past administration, by establishing, upon the ruins of the late Bank of the United States and the State banks, a Government bank, to be managed and controlled by the Treasury Department, acting under the commands of the President of the United States.

The first impression made by the perusal of the bill is the prodigious and boundless discretion which it grants to the Secretary of the Treasury, irreconcilable with the genius of our free institutions, and contrary to the former cautious practice of the Government. As originally reported, he was authorized by the bill to allow any number of clerks he thought proper to the various receivers general, and to fix their salaries. It will be borne in mind, that this is the mere commencement of a system; and it cannot be doubted that, if put into operation, the number of receivers general and other depositaries of the public money would be indefinitely multiplied. He is allowed to appoint as many examiners of the public money, and to fix their salaries as he pleases; he is allowed to erect at pleasure costly buildings; there is no estimate for any thing; and all who are conversant with the operations of the executive branch of the Government know the value and importance of previous estimates. There is no other check upon wasteful expenditure but previous estimates; and that was a point always particularly insisted upon by Mr. Jefferson.—The Senate will recollect that, a few days ago, when the salary of the receiver general at New York was fixed, the chairman of the Committee of Finance rose in his place and stated that it was suggested by the Secretary of the Treasury that it should be placed at \$3,000; and the blank was accordingly so filled. There was no statement of the nature or extent of the duties to be performed, of the time that he would be occupied, of the extent of his responsibility, or the expense of living at the several points where they were to be located; nothing but the suggestion of the Secretary of the Treasury, and that was deemed all-sufficient by a majority. There is no limit upon the appropriation which is made to carry into effect the bill, contrary to all former usage, which invariably prescribed a sum not to be transcended.

A most remarkable feature in the bill is that to which I have already called the attention of the Senate, and of which no satisfactory explanation has been given. It is that which proceeds upon the idea that the treasury is a thing distinct from the treasury of the United States, and gives to the Treasury a local habitation and a name, in the new building which is being erected for the Treasury Department in the city of Washington. In the Treasury, so constituted, is to be placed that pitance of the public revenue which is gleaned from the District of Columbia. All else, that is to say, nine hundred & ninety-nine hundredths of the public revenue of the United States, is to be placed in the hands of the receivers general, and the other depositaries beyond the District of Columbia. Now, the constitution of the United States provides that no money shall be drawn from the public Treasury but in virtue of a previous appropriation by law. That trifling portion of it, therefore, within the District of Columbia, will be under the safeguard of the constitution, and all else will be at the arbitrary disposal of the Secretary of the Treasury.

It was deemed necessary, no doubt, to vest in the Secretary of the Treasury this vast and alarming discretionary power. A new and immense Government bank is about to be erected. How it would work in all its parts could not be anticipated with certainty; and it was thought proper, therefore, to bestow a discretion commensurate with its novelty and complexity, and adapted to any exigencies which might arise.—It is short, and I will read it to the Senate:

"Sec. 10. And be it further enacted, That it shall be lawful for the Secretary of the Treasury to transfer the moneys in the hands of any depositary hereby constituted, to the Treasury of the United States; to the Mint at Philadelphia; to the Branch Mint at New Orleans; or to the offices of either of the receivers general of public moneys, by this act directed to be appointed; to be there safely kept, according to the provisions of this act; and also transfer moneys in the hands of any other depositary constituted by this act to any other depositary constituted by the same, or in any other office, and as the safety of the public moneys, and the convenience of the public service, shall seem to him to require. And for the purpose of payments on the public account, it shall be lawful for the said Secretary to draw upon any of the said depositaries, as he may think most conducive to the public interests, or to the convenience of the public creditors, or both."

It will be seen that it grants a power, perfectly undefined, to the Secretary of the Treasury, to shift and transfer the public money, from depositary to depositary, as he pleases. He is expressly authorized to transfer moneys in the hands of any one depositary, constituted by this act, to any other depositary constituted by it, at his discretion, and as the safety of the public moneys, and the convenience of the public service, shall seem to him to require. There is no specification of any contingency or contingencies on which he is to act. All is left to his discretion. He is to judge when

the public service (and more indefinite terms could not have been employed) shall seem to him to require it. It has been said that this is nothing more than the customary power of transfer, exercised by the Treasury Department from the origin of the Government. I deny it; utterly deny it. It is a totally different power from that which was exercised by the cautious Gallatin, and other Secretaries of the Treasury—a power, by the bye, which, on more than one occasion, has been controverted, and which is infinitely more questionable than the power to establish a Bank of the United States. The transfer was made by them rarely, in large sums, and were left to the banks to remit. When payments were made, they were effected in the notes of banks with which the public money was deposited, or to which it was transferred. The rates of exchange were regulated by the state of the market, and under the responsibility of the banks. But here is a power given to transfer the public moneys without limit, as to sum, place, or time, leaving every thing to the discretion of the Secretary of the Treasury, the receivers general, and other depositaries. What a scope is allowed in the fixation of the rates of exchange, whether of premium or discount, to regulate the whole domestic exchanges of the country, to exercise favoritism? These former transfers were not made for disbursement, but as preparatory to disbursement; and when disbursed, it was generally in bank notes. The transfers of this bill are immediate payments, and payments made not in bank notes, but specie.

The last paragraph in the section provides that, for the purpose of payments on the public account, it shall be lawful for the Secretary to draw upon any of the said depositaries, as he may think most conducive to the public interest, or to the convenience of the public creditors, or both. It will be seen that no limit whatever is imposed upon the amount or form of the draft, or as to the depositary upon which it is drawn. He is made the exclusive judge of what is "most conducive to the public interests." Now, let us pause a moment, and trace the operation of the powers thus vested. The Government has a revenue of from twenty to thirty millions. The Secretary may draw it to any one or more points, as he pleases. More than a moiety of the revenue arising from customs is receivable at New York, to which point the Secretary may draw all portions of it, if he thinks it conducive to the public interest. A man has to receive under an appropriation law, \$10,000, and applies to Mr. Secretary for payment.—Where will you receive it? he is asked.—On New York. How? In drafts from \$5 to \$500. Mr. Secretary will give him these drafts accordingly, upon bank note paper, impressed like and simulating bank notes, having all suitable emblezzing, signed by my friend the Treasurer, (whose excellent practical sense, and solid sound judgment, if he had been at the head of the Treasury, instead of Mr. Levi Woodbury, when the suspension of specie payments took place, would have relieved or mitigated the pecuniary embarrassments of the Government and the people) countersigned by the Comptroller, and filled up in the usual way of bank notes. Here is one of them said Mr. CLAY. [He here held up, to the gaze of the Senate, a Treasury note, having all the appearance of a bank note, colored, engraved, and executed like any other bank note, for \$50.] This, continued, Mr. CLAY, is a Government post note, put into circulation, paid out as money, and prepared and sent forth, gradually to accustom the people of this country to Government paper.

I have supposed \$10,000 to be received in the mode stated, by a person entitled to receive it under an appropriation law. Now let us suppose, what he will do with it.—Anywhere to the south or West it will command a premium of from two to five per cent. Nowhere in the United States will it be under par. Do you suppose that the holder of these drafts would be fool enough to convert them into specie, to be carried and transported at his risk? Do you think that he would not prefer that his money should be in the responsible custody of the Government, rather than in his own insecure keeping? Do you think he will deny to himself the opportunity of realizing the premium of which he may be perfectly sure?—The greatest want of the country is a medium of general circulation, and of uniform value everywhere. That, especially, is our want in the western and interior States.—Now, here is exactly such a medium; and supposing the Government bank to be honestly and faithfully administered, it will, during such an administration, be the best convertible paper money in the world, for two reasons. The first is, that every dollar of paper out will be the representative of a dollar of specie in the hands of the receiver general, or other depositaries; and, secondly, if the receivers general should embezzle the public money, the responsibility of the Government to pay the drafts issued upon the basis of that money would remain unimpaired. The paper, therefore, would be as far superior to the paper of any private corporations as the ability and resources of the Government of the United States are superior to those of such corporations.

The banking capacity may be divided into three faculties; deposits, discount of bills of exchange, and promissory notes, or

either, and circulation. This Government bank would combine them all, except that it will not discount private notes, nor receive private deposits. In payments for the public lands, indeed, individuals are allowed to make deposits, and to receive certificates of their amount. To guard against their negotiability, a clause has been introduced to render them unassignable. But how will it be possible to maintain such an inconvenient restriction, in a country where every description of paper importing an obligation to pay money or deliver property is assignable, at law or in equity, from the commercial nature and trading character of our people?

Of the facilities which I have stated of a bank, that which creates a circulation is the most important to the community at large. It is that in which thousands may be interested, who never obtained a discount, or made a deposit with a bank. Whatever a Government agrees to receive in payment of the public dues is a medium of circulation, is money, current money, no matter what its form may be, Treasury notes, drafts drawn at Washington, by the Treasurer, on the receiver general of New York, or, to use the language employed in various parts of this bill, "such notes, bills, or paper issued under the authority of the U. S." These various provisions were probably inserted, not only to cover the case of Treasury notes, but that of these drafts in due season. But if there were no express provision of law, that these drafts should be receivable in payment of public dues, they would, necessarily be so employed, from their own intrinsic value.

The want of the community of a general circulation, of uniform value everywhere in the United States, would occasion vast amounts of the species of draft which I have described to remain in circulation. The appropriations this year will probably fall not much short of thirty millions. Thirty millions of Treasury drafts on receivers general, of every denomination, and to any amount, may be issued by the Secretary of the Treasury. What amount would remain in circulation cannot be determined a priori; I suppose not less than ten or fifteen millions; at the end of another year, some ten or fifteen millions more; they would fill all the channels of circulation. The war between the Government and State banks continuing, and this mammoth Government bank being in the market, constantly demanding specie for its varied and ramified operations, confidence would be lost in the notes of the local banks, their paper would gradually cease to circulate, and the banks themselves would be crippled and broken. The paper of the Government bank would ultimately fill the vacuum, as it would instantly occupy the place of the notes of the late Bank of the United States.

I am aware, Mr. President, that by the 25th section of the bill, in order to disguise the purpose of the vast machinery which we are about constructing, it is provided that it shall be the duty of the Secretary of the Treasury to issue and publish regulations to enforce the speedy presentation of all Government drafts for payment at the place where payable, &c. Now, what a tremendous power is here vested in the Secretary! He is to prescribe rules and regulations to enforce speedy presentation of all Government drafts for payment at the place where payable. The speedy presentation of the bill, if in the case I have supposed, a man has his \$10,000 in drafts on the receiver general at New York. The Secretary is empowered to enact regulations requiring him speedily to present them, and if he does not, the Secretary may order them to be paid at St. Louis. At New York they may be worth a premium of five per cent.; on St. Louis they may be liable to a discount of five per cent. Now, in a free Government, who would ever think of subjecting the property or money of a citizen to the exercise of such a power by any Secretary of the Treasury? What opportunity does it not afford to reward a partisan, or punish an opponent? It will be impossible to maintain such an odious and useless restriction for any length of time.—Why should the debtor (as the Government would be in the case of such drafts as I have supposed) require his creditor (as the holder of the draft would be) to apply within a prescribed time for his payment? No, sir; the system would control you; you could not control the system. But if such a ridiculous restriction could be continued, the drafts would, nevertheless, whilst they were out, be the time long or short, perform the office of circulation and money.

Let us trace a little further the operation of this Government bank, and follow it out to its final explosion. I have supposed the appropriation of some thirty millions of dollars annually by the Government, to be disbursed in the form of drafts, issued at Washington by the Treasury Department, upon the depositaries. Of that amount, some ten or fifteen millions would remain the first year, in circulation; at the end of another year, a similar amount would continue in circulation; and so on, from year to year, until, at the end, a series of some five or six years, there would be in circulation, to supply the indispensable wants of commerce and of a general medium of uniform value, not less than some sixty or eighty millions of drafts issued by the Gov-

ernment. These drafts would be generally upon the receiver general at New York, because, on that point, they would be preferred over all others, as they would command a premium, or be at par, throughout the whole extent of the United States; and we have seen that the Secretary of the Treasury is invested with ample authority to concentrate at that point the whole revenue of the United States.

All experience has demonstrated that in banking operations a much larger amount of paper can be kept out in circulation than the specie which it is necessary to retain in the vaults to meet it when presented for payment. The proportions which the same experience has ascertained to be entirely safe are one of the specie to three of paper. If, therefore, the Executive Government had sixty millions of dollars accumulated at the port of New York, in the hands of the receiver general, represented by sixty millions of Government drafts in circulation, it would be known that twenty of that sixty millions would be sufficient to retain to meet any amount of drafts which, in ordinary times, would be presented for payment.

There would then remain forty millions in the vaults, idle and unproductive, and of which no practical use could be made.—Well: a great election is at hand in the State of New York, the result of which will seal the fate of an existing administration. If the application of ten millions of that dormant capital could save, at some future day, a corrupt Executive from overthrow, can it be doubted that the ten millions would be applied to preserve it in power? Again: let us suppose some great exigency to arise, a season of war, creating severe financial pressure and embarrassment. Would not an issue of paper, founded upon and exceeding the specie in the vaults, in some proportions as experience had demonstrated might be safely emitted, be authorized? Finally, the whole amount of specie might be exhausted, and then, as it is easier to engrave and issue bank notes than to perform the unpopular office of imposing taxes and burdens, the discovery would be made that the credit of the Government was a sufficient basis whereupon to make emissions of paper money, to be redeemed when peace and prosperity returned. Then we should have the days of continental money, and of assignats, restored! Then we should have that Government paper medium which the Senator from South Carolina (Mr. Calhoun) considered the most perfect of all currency!

Meantime, and during the progress of this vast Government machine, the State banks would all be prostrated. Working well, as it may, if honestly administered, in the first period of its existence, it will be utterly impossible for them to maintain the unequal competition. They could not maintain it, even if the Government were actuated by no unfriendly feelings towards them. But when we know the spirit which animates the present Executive towards them, who can doubt that they must fall in the unequal contest? Their issues will be discredited and discountenanced; and that system of bankruptcy, which the President would even now put into operation against them, will in the sequel, be passed and enforced without difficulty.

Assuming the downfall of the local banks, the inevitable consequence of the operations of this great Government bank; assuming, as I have shown would be the case, that the Government would monopolize the paper issues of the country, and obtain the possession of a great portion of the specie of the country, we should then behold a combined and concentrated moneyed power equal to that of all the existing banks of the United States, with that of the late Bank of the United States superadded.—This tremendous power would be wielded by the Secretary of the Treasury, acting under the immediate commands of the President of the United States. Here would be a perfect union of the sword and the purse; here would be no imaginary, but an actual, visible, tangible, consolidation of the moneyed power. Who or what could withstand it? The States themselves would become suppliants at the feet of the Executive for a portion of those paper emissions, of the power to issue which they had been stripped, and which he exclusively possessed.

Mr. President, my observation and experience have satisfied me that the safety of liberty and prosperity consists in the division of power, whether political or pecuniary. In our federal system, our security is to be found in that happy distribution of power which exists between the Federal Government and the State Governments. In our monetary system, as it lately existed, its excellence resulted from that beautiful arrangement, by which the States had their institutions for local purposes, and the General Government its institution for the more general purposes of the whole Union. There existed the greatest congeniality between all the parts of this admirable system. All was homogeneous. There was no separation of the Federal Government from the States or from the people. There was no attempt to execute practically that absurdity of sustaining, among the same people, two different currencies of unequal value. And how admirably did the whole system, during the forty years of its existence, move

and work! And on the two unfortunate occasions of its ceasing to exist, how quickly did the business and transactions of the country run into wild disorder and utter confusion!

Hitherto, I have considered this new project as it is, according to its true nature and character, and what it must inevitably become. I have not examined it as it is not, but as its friends would represent it to be. They hold out the idea that it is a simple contrivance to collect, to keep, and to disburse, the public revenue. In that view of it, every consideration of safety and security recommends the agency of responsible corporations, rather than the employment of particular individuals. It has been shown, during the course of this debate, that the amount which has been lost by the defalcation of individuals has exceeded three or four times the amount of all that has been lost by the local banks, although the sums confided to the care of individuals have not been probably one-tenth part of the amount that has been in the custody of the local banks. And we all know that, during the forty years of existence of the two Banks of the United States, not one cent was lost of the public revenue.

I have been curious, Mr. President, to know whence this idea of receivers general was derived. It has been supposed to have been borrowed from France. It required all the power of that most extraordinary man that ever lived, Napoleon Bonaparte, when he was in his meridian greatness, to displace the farmers general, and to substitute in their place the receivers general.—The new system requires, I think I have heard it stated, something like 100,000 employers to have it executed. And notwithstanding the modesty of the infant promises of this new project, I have no doubt that ultimately we shall have to employ a number of persons approximating to that which is retained in France. That will undoubtedly be the case whenever we shall revive the system of internal taxation. In France, what reconciled them to the system was, that Napoleon first, and then the Bourbons afterwards, was pleased with the immense patronage which it gave them. They liked to have 100,000 dependants to add strength to the throne, which had been recently constructed or reascended. I thought, however, that the learned chairman of the Committee of Finance must have had some other besides the French model for his receivers general; and, accordingly, upon looking into Smith's history of his own State, I found that, when it was yet a colony, some century and a half ago, and when its present noble capital still retained the name of New Amsterdam, the historian says: "Among the principal laws enacted at this session, we may mention that for establishing the revenue, which was drawn into precedent. The sums raised by it were payable into the hands of receivers general, and issued by the Governor's warrant. By this means the Governor became, for a season, independent of the people, and hence we find frequent instances of the Assemblies contending with him for the discharge of debts to private persons, contracted on the faith of the Government." Then the Governor of the colony was a man of great violence of temper, and arbitrary in his conduct. How the Sub-Treasury system of that day operated, the same historian informs us in a subsequent part of his work. "The revenue," he says, "established the last year, was at this session continued five years longer than was originally intended. This was rendering the Governor independent of the people. For, at that day, the Assembly had no treasure, but the amount of all taxes went, of course, into the hands of the receiver general, who was appointed by the Crown. Out of this fund, moneys were only issuable by the Governor's warrant, so that every officer in the Government, from Mr. Blathwaith, who drew annually five per cent. out of the revenue, as auditor general, down to the meanest servant of the public, became dependent, solely, on the Governor. And hence we find the House, at the close of every session, humbly addressing his Excellency, for the trifling wages of their own clerk." And, Mr. President, if this measure should unhappily pass, the day may come when the Senate of the United States will have humbly to implore some future President of the United States to grant it money to pay the wages of its own sergeant-at-arms and doorkeeper.

Who, Mr. President, are the most conspicuous of those, who perseveringly press this bill upon Congress and the American people? Its drawer is the distinguished gentleman in the white house not far off its endorser is the distinguished Senator from South Carolina, here present. What the drawer thinks of the endorser, his cautious reserve, and stilled enmity, prevent us from knowing. But the frankness of the endorser has not left us in the same ignorance with respect to his opinion of the drawer. He has often expressed it upon the floor of the Senate. On an occasion not very distant, denying to him any of the nobler qualities of the royal beast of the forest, he attributed to him those which belong to the most crafty, most skulking, and one of the meanest of the quadruped tribe. Mr. President, it is due to myself to say that I do not altogether share with