

# SPEECH

OF

## MR. NILES, OF CONNECTICUT.

*John M.*  
Senate, January 5, 1839—In reply to the remarks of Mr. RIVES, on the resolution submitted by him calling on the President for additional information relative to the transactions between the Government and the Bank of the United States, growing out of the sales of the bonds of said Bank.

Mr. NILES addressed the Senate as follows:

MR. PRESIDENT: If any thing could surprise me, coming from a certain quarter, it would be the remarks of the honorable Senator who has just taken his seat, [Mr. RIVES;] and the same observation will apply with equal force to his speech the other day, on his first resolution of inquiry, to which the one now under consideration seems to be a sort of supplement. I have, however, long since ceased to be surprised at any thing coming from those who can be satisfied with nothing as long as they are not permitted to have the direction of public affairs. What have we witnessed now and on the occasion referred to? A Senator who, during the last two sessions, at least, was first and foremost, at all times and on all occasions, to denounce the Administration for a course of policy alleged to be hostile and ruinous to the banking institutions of the country, suddenly changes his position, and with equal boldness, and apparently with sincerity and confidence, charges the same Administration, still pursuing, as was generally supposed, the same general line of policy, with having formed an improper, suspicious and dangerous connection with the banks—a connection which has restored the deposite system without law, and which will finally result in the establishment of a National Bank, without the action of Congress.

The Administration is now assailed and denounced with a tone of asperity seldom surpassed, for having done precisely what, we have heretofore so often been told by the Senator making the charge, and those with whom he now acts, it ought to do. It is condemned for an alleged course of policy friendly to the present Bank of the United States and other State banks, by the same men by whom it has been so long and so often denounced for hostility to banks and the credit system.

Sir, how is this strange movement on the political boards to be explained? I shall endeavor to demonstrate, before I have done, that there has been no change in the general policy of the Administration on this subject. But if there had been,

that would be no explanation. If it was right one year ago to conduct the financial concerns of the Government so as to favor the banks, it is proper now. Will gentlemen urge certain measures on the Administration, and then condemn it for adopting those very measures? If what is now alleged against the Secretary of the Treasury was true, the Senator and his associates should be the last men in the country to condemn it. Can they blow hot and cold at the same breath, and censure a policy to-day that they themselves recommended yesterday? Were they sincere in charging the Administration with hostility to the banks last session? If so, how can they now turn round and denounce it, if what is alleged was true, for having revived the deposite system? The opponents of that system might, with propriety, complain; but with what propriety or consistency do censures come from its friends? Have the opponents of the Administration generally assumed a new position; or is this position one that belongs to the "armed neutrality" only? I am anxious for information on this subject, and think it somewhat important to the country, to know whether the Government is to be assailed, as heretofore, on the ground of an alleged hostility to banks, to the credit system, to trade, commerce, manufactures, and the business of the country, or whether this ground is to be abandoned, and a new and directly opposite position to be assumed. We are told from two high sources that this ground is abandoned. Mr. Biddle, whose knowledge on this subject can hardly be doubted, says the controversy between the Government and the Bank is at an end; that he has no longer any thing to complain of; that the Bank war is over, and that he now abdicates all political power which the hostile policy of the Government had compelled him to assume. And the Senator from Virginia confirms this statement. He says, that not only is the war at an end, but that a treaty offensive and defensive has been entered into between the Government and the Bank of the United States. Future events will doubtless throw more light on this subject; but as the matter now stands, we are bound to consider that the Opposition have abandoned their old ground, and assumed a new position.

Taking this to be the fact, the next question is as to the cause of this new movement. Is it a change in the policy of the Administration? Cer-

tainly not, for there has been no change further than what a change of circumstances has occasioned. This he would endeavor to demonstrate. Mr. N. said he would assign a cause, which he believed to be the true one, as he could discover no other. The clamor, which has been so long and successfully kept up, of hostility on the part of the Government towards the banks and credit, has answered its purpose; it has done all it could for the Opposition, at least for the present. It will no doubt be resumed after a while; but it is now rather stale, and has lost its influence. But it has worked well, and, aided by the co-operation of the money power, has produced two panics, agitated the country prodigiously, and revolutionized several States. A considerable portion of the people believed this charge, so boldly made, so perseveringly insisted upon, and even some of the friends of the Administration were deceived, and thought its measures were, whether so designed or not, unfriendly to the moneyed institutions of the country. The suspension of the banks in May, 1837, gave somewhat a new aspect to this controversy, and the measures which that event rendered it necessary for the Government to adopt, gave additional force and effect to the clamors and denunciations against the Administration, which was held responsible for all the disorders of the currency and the general derangement and interruption of business. The additional interest which these circumstances gave to the subject, in connection with the discussions on this floor on the Independent Treasury bill, and other propositions relating to the finances, aroused a universal spirit of inquiry. The subject has been taken up by the public press, and has been thoroughly examined and discussed.

Not only have the views and measures of the two parties been extensively discussed, but the principles for which the friends of the Administration contended, have been partially brought into practical operation. We were not able to pass the Independent Treasury bill; yet we were able to resist the attempts to restore, by legislation, the connection between the revenues of the country and the banks, and to maintain that separation which their suspension of payment had occasioned. We were enabled to resist all attempts at interference on the part of Congress, to aid the banks, either by the funds or the credit of the Government, leaving those institutions to recover, upon their own resources, and the operations of the laws of trade. And above all, we were enabled to hold on to the true standard of value, the only safe and true "regulator" of the currency; to sustain and hold up the credit of the Government, to the standard of gold and silver. The wisdom of these measures has been proved by their results. Their beneficial influence was soon perceived; sooner and more extensively, than then their most strenuous advocates anticipated. By sustaining the true specie standard, and in the transactions of the Treasury, receiving only specie or paper deemed equivalent, the credit of the Government was maintained, which operated to raise the credit of the sound banks to the same standard. The general result is known. The country recovered, in little more than one year, from the most severe shock and revulsion it ever experienced.

The banks, in most of the States, resumed specie payments; the currency was restored; the exchanges, in a great measure, regulated; commerce revived, and every kind of business became active and prosperous. If we compare the late period of the prostration of the currency and credit of the country with a similar period in our history, the rapidity with which we have recovered from the late revulsion will appear astonishing. Then the suspension lasted four years, and, in a large section of the Union, from six to ten years, with the assistance and regulating power of a National Bank. Other causes than those he had referred to, no doubt, had their influence; the resources of the country were greater now, and it possessed a vastly greater specie currency than it did in 1816. But our firmness in maintaining the true specie standard of value, and the practical separation of the revenue from the banks, must have exerted an important influence. If the Government is held responsible for the disorders of the currency, occasioned by overtrading, it must have some credit for its restoration, effected in part by its judicious policy. These results are before the country, and they have had their effect upon public sentiment. The discussions which have taken place here and elsewhere, have also had their influence. Both from argument and experience, much light has been shed on this important subject. The people have had an opportunity to judge whether the views of the friends of the Administration or its opponents were most correct. The result has been a reaction in the public mind, which is still going on all over the country. Many, who were deceived or enticed away, for a time, by the clamor against the Government, have discovered their error. The true causes of the derangement of the currency have become understood, and the injustice and absurdity of attempting to hold the Government responsible, has become apparent to all. This gross delusion can no longer be kept up.

The changes which are going on in public opinion, are too palpable to be mistaken. They are manifested in the tone of the public press, and more emphatically in the elections which have taken place. These, sir, in my judgment, are the circumstances which have induced gentlemen on the other side of this hall to change their ground, and assume a new position. Having derived all the benefit they can from the agitation of the questions of the currency and finances, and perceiving a reaction taking place, they now wish to abandon the whole subject; to arrest the inquiry which is going on, and direct the public attention to some new ground of complaint, and raise an excitement about defaulters and extravagant expenditures. This is all natural enough, and perhaps perfectly fair in political warfare. But it is a little extraordinary that a position should be taken directly opposed to that so recently occupied, and the Administration be charged with forming a league, offensive and defensive, with the banks.

How do we now stand in the Senate? Why, the Opposition, after having for two years kept up a constant clamor about the hostility of the Government to the banks, have suddenly gone back and taken the old position they occupied in 1836, when I first took my seat on this floor. Then their

daily tirades against the Administration were about the corrupt and dangerous connection between the Treasury and the deposit banks. The "pet banks" were the constant subject of remark and censure. This continued to be the case until the banks failed, in 1837, with between twenty and thirty millions of the public treasure in their vaults. This event led both parties to change their positions. The Administration abandoned the deposit bank system, and the Opposition immediately took it up. The merits of this movement depends on the consideration which party had the best reasons for their course. The friends of the Administration abandoned the State bank system because it had failed, and proved untrustworthy; and the Opposition, he supposed, embraced it for the same reason. And now, returning to their old position of 1836, they charge the Administration with renewing its connection with the banks, and forming a league with them for political purposes. In the present instance we shall not accommodate them by an exchange of positions. They may abandon theirs, but we shall not take it. We deny altogether the charge of a reunion of the Treasury with the banks. But if it was true, Mr. N. said he would not go with it in that measure, either here or elsewhere. And, in saying this, he believed he spoke the sentiments of all on this side of the House. We do not go for the reunion, but for a more complete and effectual separation.

Having, Mr. President, made these introductory observations, I will proceed to notice some of the remarks of the Senator from Virginia, and to examine some of the very extraordinary charges which he has made against the Secretary of the Treasury, and the President himself. I am aware, sir, that the gentleman's speech was not made for me, or with an expectation that I would reply to it; he is aiming at higher game; his envenomed shafts are aimed at the highest mark; they are intended to reach the President himself, through the sides of the Secretary of the Treasury; and he doubtless expected that the honorable Senator from New York [Mr. Wright] would interpose his strong arm to ward off the blow; and I think it quite probable, that before this debate is ended, the Senator may have the honor of a broadside from that quarter. But, however this may be, inasmuch as the Senator has presented an issue between his speech made in advance of the report, and my remarks made after it was read, and has thrown out a sort of defiance, asserting, in an emphatic tone, that he would demonstrate that all the charges, inferences, and imputations in his first speech were fully and triumphantly established by the report, I felt called upon to meet the gentleman upon the issue he has tendered, and hope I shall be able to show that what I said the other day was strictly correct; that the report of the Secretary was not only a response to the Senator's resolution, but an answer to his speech and all its accusations.

Whilst I feel grateful to the body for its indulgence in affording me the opportunity I now have of concluding what I desired to say, I regret to have to detain the Senate as long as I fear I may do, in a debate of this description. This whole movement, I regard, sir, as entirely and exclusively of a political character. The Senator's resolu-

tions, it is clear, can have no relation to any matter of legislation that now is, or may be, expected to come before the Senate. The object is political; it is a bold attack on the President and the Secretary of the Treasury; and one more entirely gratuitous, unfounded, and preposterous, has never come from any quarter, whether friend, or foe, or neutral. This may be all right in political warfare; he did not complain of it; but only wished that the responsibility of occupying the time of the Senate in merely political discussion, should be placed where it belonged. These political debates usually originate with the Opposition; they are the assailants; we stand on the defensive; but, for one, he was disposed to meet all assaults on the spot, and thus to settle accounts as we go along, and to leave the general reckoning to the people. What special purpose there may be in this movement, he did not pretend to know; but, for some reason or other, there seemed to be, on the part of the Senator, an unusual haste and anxiety to make known his new position to his constituents and the country.

I will first notice, Mr. President, several of the specific charges made by the Senator in his speech of yesterday, before I take up the general issue, whether the Senator's speech, with its charges, inferences, and imputations, made in advance of the evidence, is borne out and sustained by the report or not. And shall conclude with some observations on some other topics connected with the general subject, and by no means beyond the proper range belonging to the debate.

The first specific charge against the Secretary of the Treasury, is the sale of the bond held by the Government against the present Bank of the United States, which was payable in 1839. The disposition of this bond was authorized by an act of Congress, passed at its last session. It is claimed that the sale was made on terms not authorized by the law, and so disadvantageous to the Treasury, as to authorize a belief that there was an intention to favor the Bank of the United States, which was the purchaser. Two objections have been urged against the legality of the transaction; one, that the payment was not made in money; the other, that a credit was allowed, which the law did not authorize. By the terms of the act, the bond was to be sold for "money in hand," and at a sum not less than its par value at the time of sale. It was sold for its par value, and the avails of the bond agreed to be placed in special deposit in the Bank of the United States, to the credit of the Treasurer, in specie or its equivalent. It was also stipulated "that the Bank is to keep the money safely, till drawn out by the Treasurer, without making any charge to the United States for keeping or paying it out on his drafts." These were the terms of the sale as appears from the report before me; but I will not fatigue myself or others by reading the correspondence. It is claimed that, because the act required payment to be made in money, nothing but gold and silver could be received. The Senator, after having so long and strenuously contended for the receipt at the Treasury of the paper of specie paying banks, seems now getting back to his hard money notions of 1834. But there is nothing in this argument. All public dues are required by law to be paid in

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money. The customs, the receipts of lands, and all other public dues are payable in money. There is nothing in the act to distinguish this payment from any other to be made to the United States. But by the practice of the Treasury, from an early period, the notes of specie paying banks and bank credits have been regarded as equivalent to specie; and the joint resolution of 1816 gave a legal sanction to that practice. That resolution is still in force, and authorizes the receipt of the bills of specie paying banks, but is not compulsory in its provisions, leaving it discretionary with the Secretary of the Treasury. Such paper, however, always has been received under certain restrictions, and no doubt will be, until Congress interfere. The payment for this bond, having been made in specie, or what, according to the practice of the Treasury, was equivalent, the charge of illegality is entirely groundless, as much so as if applied to the receipt of convertible paper for duties.

In regard to the assertion of the bonds being sold on a credit, it has no foundation in fact. There was no stipulation for credit in the conditions of the sale. The money was agreed to be, and was, in fact, deposited in the Bank, to be kept and paid out on the draft of the Treasurer. It was, of course, subject to be drawn for immediately. In referring to this part of the contract, Mr. Biddle, in his letter of the first of August, 1838, says: "On the part of the Bank I confirm that understanding." It is true that at a subsequent period, an arrangement was entered into between the Secretary of the Treasury and the Bank, specifying the times, sums, and places of payment in respect to the drafts of the Treasurer upon this fund. But this arrangement was made after the money was in the Treasury, and by authority of the general power of the Secretary, and not under the authority of the act authorizing the sale of the bond. It amounts to nothing, therefore, to show that the act did not authorize the sale of the bond on credit, because the bond has not been so sold. Neither can there be any foundation for a suspicion that there was a secret understanding, at the time of the sale, that a credit was to be given. The arrangement referred to was made in consequence of the communication which had previously been made to the Bank, by the Secretary of War, suggesting that this money would be wanted for the service of his Department, and in sums of about five hundred thousand dollars per month. Mr. Woodbury states distinctly that he knew nothing of this communication when he negotiated the bond; but that, being informed of it by the Bank afterwards, which claimed that it had relied upon it, the Secretary of the Treasury thought it no more than just and equitable to conform to it, in drawing out the deposit.

This interference of the Secretary of War has been commented upon by the mover of these resolutions with great severity. But it is a little remarkable that his censure has been cast, not upon the Secretary of War, but upon the Secretary of the Treasury. It is said that he suffered himself to be made a cat's paw of, and permitted the Secretary of War to negotiate the bond, when the law had confided this duty to the Secretary of the Treasury. But the groundlessness of this charge is ap-

parent, from the fact that Mr. Woodbury knew nothing of the communication of the Secretary of War, until after the sale was made. The negotiation for the sale of the bond was closed on the 30th of July; and on the 13th of August, Mr. Biddle informed the Secretary of the Treasury of the proposition which had been made by the Secretary of War as to the disbursement of the money for the service of his Department. These reproaches, cast on Mr. Woodbury, have not the slightest foundation to rest upon.

In regard to the conduct of the Secretary of War, I see nothing in it to condemn. It is well known how moneys are drawn from the Treasury. The heads of the different Departments make their requisitions on the Secretary of the Treasury for the sums of money which are wanted for the service of their Departments, and the warrants of the Secretary of the Treasury are issued upon such requisitions. This money was required for the military service, and the Secretary of War probably supposed that, by apprizing the Bank of the times when, and the places where, the money would be wanted, might facilitate the sale of the bond. His interference was little, if any thing, more than the communication of information which he supposed might have a favorable bearing on the pending negotiation with the Bank. I can see nothing in this worthy of death or of bonds. But it may appear to be a very serious matter in the eyes of a neutral.

But it is insisted upon that the contract was disadvantageous to the Treasury, and highly beneficial to the Bank; and this seems to be a circumstance relied upon as proof of a friendly alliance between the Treasury and the Bank of the United States. It is certainly very strange that such a charge as this should be made in the face of the fact, appearing in the very document upon which it professes to be founded, that the offer of the Bank of the United States was not only the most favorable, but the only one received coming within the limitations of the law. The Secretary published a general notice inviting proposals. He likewise applied to Mr. Newbold, president of the Bank of America in New York, to the president of one or more of the banks in Philadelphia, wrote to the bankers of the United States in London, and to our Minister in Paris. But no offers could be obtained in Europe, on account of the shortness of the time the bonds had to run, and because the law did not authorize the guaranty on the part of the United States of their eventual payment. No offers could be obtained in the United States except from the debtor Bank. Publications appeared in some of the Bank presses, instigated no doubt by Mr. Biddle, intimating that the bond might not be paid at maturity, and that the Bank of the United States would claim offsets. Under these circumstances, no offer could be obtained except from the debtor Bank, which proposed to purchase in the bond on the terms prescribed in the act of Congress. The condition of the Treasury shows that the money was wanted, and it was therefore the duty of the Secretary to dispose of at least one of the bonds.

The next specific charge is the arrangement for the payment of the second bond, which fell due in 1838. It is alleged that there is something very

remarkable and suspicious in this transaction: the bond being paid before it became due, and when the money was not wanted for the purposes of the Treasury. The facts are, that the bond was payable on the 30th day of September, and the arrangement was to pay it in three instalments: on the 15th day of August, the 15th of September, and the 15th of October, the interest to cease as the respective payments were made, and the money to be placed on deposit in the Bank, and to be drawn out on the drafts of the Treasurer. Although by this arrangement a part of the money was anticipated, yet a part of it was postponed beyond the period when the bond fell due. It is asked, what was the object for this arrangement? One object doubtless was, as the sum was very large, nearly two millions and a half, that it was more convenient to divide it and receive it at different times. The Secretary also assigns as another reason, that he was apprehensive that a part of the amount would be paid in Treasury notes not reissuable, and that the whole sum was required to meet the demands upon the Treasury.

To prove the alliance between the Government and the Bank of the United States, the Senator asserts that moneys have been deposited in that Bank in addition to those paid by it to the United States. The only case specified, is a payment of three hundred thousand dollars by the Bank of Kentucky. This money, it is confidently asserted, was received in the Treasury, and was afterwards deposited in the Bank of the United States. The facts are not so. The Bank of Kentucky was indebted to the United States, and paid that debt by a check for three hundred thousand dollars on the Pennsylvania Bank of the United States, in pursuance of an arrangement made with that Bank. These facts appear from the report. The check on the Bank of the United States made it the debtor of the United States. The money was not deposited in that Bank; but the check was sent there, and the amount of it placed to the credit of the Treasurer, to be drawn out when wanted. This money was in the same condition as that received on the bonds; was a payment from the Bank to the Treasury, and the money was left in the Bank on deposit, to be paid on the drafts of the Treasurer.

In connection with this subject, it is charged that the Secretary of the Treasury has not answered that part of the inquiries, in the resolutions, which asks whether there had been any other transactions between the Treasury and the Bank of the United States, except what grew out of the sale and payment of its bonds. This is a mistake. The Secretary names the several transactions the Treasury has had with the Bank of the United States, namely, the negotiation of the bond payable in 1839, the payment of the second bond which fell due in September, 1838, the payment of three hundred thousand dollars for the Bank of Kentucky, and the payment in part of the demand of the United States, against the old Bank of Columbia, for which the United States' Bank had taken security, and in that way become a trustee for the United States. After specifying these several transactions the Secretary says: "With these exceptions, there have not been dealings of any description, between this Department and the United

States Bank of Pennsylvania, from its establishment to the present day. No collecting or disbursing officer has ever been directed, by this Department, to make any deposit whatever in said Bank; nor has any money been placed by the said Bank to the credit of the Treasurer of the United States, or of this Department, or, to my knowledge, of any of its officers, except the avails of the transactions specifically referred to above, and on the details of which, so far as they relate to the present subject, full information is given in the correspondence and tabular statements annexed." Yet, with these facts before him, the gentleman tells us that the Secretary has not responded to his inquiry whether any moneys have been deposited in the Bank of the United States, other than those growing out of the demands of the United States upon the Bank. This complaint is not only without any foundation, but directly in face of the report.

The next specification in the gentleman's bill of indictment is the allegation that the Secretary of the Treasury has attempted to impose upon the public in regard to "special deposits," both in the Bank of the United States and other State banks. In regard to this matter, the conduct of the Secretary is denounced in the most offensive and opprobrious terms; language which he was shocked to hear applied to any high officer of the Government, by any one honored with a seat on this floor, whether enemy, *professed* friend, or "armed neutral." Sir, the Senator, with great emphasis of tone and manner, charged the Secretary with practising a base fraud on the country. [Mr. Rives said that he used no such language.] No, sir, the gentleman did not use this language. I was stating the high charge he made against the Secretary in my own language. I thought his language too foul and vituperative to repeat; but I will now do it. He said that the Secretary had attempted to impose upon the country, to *humbog* and cheat the people.

The gentleman says these special deposits are the same as general deposits, and that, to characterise them as special deposits, is altogether deceptive and fraudulent. How far they may differ from general deposits, I cannot pretend to say. Some of them, it seems, have been special deposits in a strict legal sense; that is, specie has been deposited, and kept in a box separate from the funds of the bank, and the identical money restored or paid out when called for. But the deposits with the Bank of the United States, and most of the other State banks, have not been of this character. These deposits have all been temporary, and made under special contracts, as to the custody and paying out of the money. These, in the operations of the Treasury, must be distinguishable from general deposits, which presupposes a general depository, or fiscal agent, for receiving and disbursing the public funds. - Any deposit made under a special agreement, differing in any respects from the legal obligations which exist where there is no particular agreement, would, in some sense certainly, be a special deposit. So far as respects the general operations of the Treasury, I have no confidence in any plan of special deposits. In a strict legal sense, it is impracticable; and, in any other, it can,

not essentially obviate the evils of the general deposit system. But the question now is, whether the Secretary, in using the terms special deposits, has attempted to practice a fraud upon the country. Is the gentleman aware that the same language is used by the agents of the Bank in these transactions? Mr. Macalester, who was the agent of the Bank for the purchase of the bonds, says: "I will deposit the amount thereof, in *special deposits*, in the Bank of the United States;" and Mr. Cowperthwait, the cashier, in acknowledging the receipt of the money, says: "That Charles Macalester, esq. has this day deposited to the credit of the Treasurer of the United States, in *special deposits*, the sum of two millions two hundred and fifty-four thousand eight hundred and seventy-one dollars and thirty-eight cents, subject to the drafts of the said Treasurer." Mr. Biddle, I believe, used the same language. Does the Senator mean to charge these gentlemen with having entered into a conspiracy with the Secretary of the Treasury, to practise a fraud on the public? Will he apply to these gentlemen the offensive terms which he has to Mr. Woodbury?

Mr. President, there is one particular charge more, which I will notice when I shall have done with the gentleman's remarks of yesterday. It is, that there was an agreement to circulate the notes of the Bank of the United States in the financial concerns of the Government. It is not claimed that any such agreement has been made by the Secretary of the Treasury, but some letter of instructions from the Paymaster General, or some officer connected with the military service, is referred to, as having directed the disbursement of the notes of the United States Bank. If there has been any such order, there is no evidence that it has received the sanction of the head of the Treasury, and no reason to suppose that such can be the case, as all the moneys placed on special deposits in the Bank were to be paid out on the drafts of the Treasurer. Under existing laws, disbursing officers are not prohibited from offering in payment bank notes which are equivalent to specie on the spot where offered. This is certainly a strange complaint to come from the quarter it does. Who, for the last two years, has so repeatedly and so earnestly urged the propriety and necessity of receiving and paying out the bills of specie-paying banks as the Senator from Virginia? Not to do this, he has declared, was to *discredit* the local bank currency, was to proclaim it to be worthless, and to induce the holders of bank notes to return them upon the banks for specie. In his speech at the extra session he urges the necessity of receiving and disbursing the bank note currency as a measure of indispensable importance. "But, sir, would not the example of the Government, in the indiscriminate rejection of all bank paper, have an important moral influence in exciting the jealousies and suspicions of the whole community? If the Government, by its acts, shall declare bank paper to be worthless or unsafe, will not the people also take the alarm? Will not a general distrust be created of all banking institutions, and will not every person holding their paper become impatient to convert it into specie?" He speaks of the "just, safe and paternal policy" which the Government ought

to pursue towards the banks, in receiving and disbursing their notes. And yet, after all this, it is now made a serious ground of complaint that the notes of the Bank of the United States have been received and disbursed by some subordinate disbursing agents. If gentlemen can blow hot and cold at the same breath, it will no doubt be difficult to please them.

It is claimed that the transactions with the Bank of the United States have been advantageous to that institution, at the expense of the Treasury—that the avails of the bonds have been drawn out by drafts payable at the South and West, at points where exchange on Philadelphia bore a large premium. But the truth is, this premium was in consequence of the depreciation of the local currency. On specie, Treasury notes, or bank notes convertible into specie, the difference in exchange was very trifling, as appears from the Secretary's report. These distant places of payment are declared by the Secretary of the Treasury to have been a convenience to the Treasury and a benefit to the public service.

It is no doubt true that these transactions were beneficial to the Bank; but it does not follow from this that they were disadvantageous to the Treasury. It may also be conceded that Mr. Biddle speaks of them as having been highly satisfactory to him, and somewhat in a strain of exultation and boasting. This is a weakness of some men possessing talents of a certain description. In the same letter, in which he speaks of the pacification between the Bank and the Treasury, he very modestly claims the sole merit, not only of having sustained American credit in Europe, but of having brought about the resumption of specie payments by the banks, which restored the currency, notwithstanding every well informed man in the Union knows that he placed himself at the head of the non-resuming banks, and brought all his power and influence into requisition to prolong the suspension. Mr. Biddle also boasts that the transactions as to the bonds, brought the Treasury into co-operation with the Bank in restoring the currency. This is a mere inference of Mr. Biddle from the facts. But if it had any foundation, why should the Senator condemn it, when he has so repeatedly and earnestly urged the necessity of a co-operation on the part of the Treasury?

There have been other instances of this weakness still more conspicuous. All must recollect, that some years since, a distinguished minister of the United States, to one of the first powers in Europe, negotiated a convention of indemnity, highly honorable to the country and to himself, but was so unfortunate, as to boast in some of his communications of his having overreached and outwitted the French Government; and in consequence of this unfortunate *indiscretion*, the country came near being involved in a war with one of the most powerful nations on the globe. I do not allude to this by way of censure, but only for illustration, and to show that other great men, as well as Mr. Biddle, have sometimes fallen into this unfortunate error. I have now, sir, examined the facts of the several transactions which have been made the subjects of such severe censure and condemnation. It only remains for me to consider the more gene-

ral charges contained in the more comprehensive question, whether these facts sustain the charges against the Administration, contained in the speech of the Senator, made in advance of the facts. It has been emphatically asserted that the documents accompanying the report, triumphantly sustained, not only all the specific charges, but all the inferences, deductions, and imputations, made in advance of the report.

What, sir, are those charges? There are three only which I shall notice, passing over all of less importance, and the numerous imputations and insinuations with which the speech abounds. The first which I will notice, is, that the Secretary of the Treasury has restored the connection between the Treasury and the Bank of the United States; that that Bank has again become the fiscal agent of the Government; that this connection, originating from Executive power, unregulated by law, will result in the establishment of a National Bank without the action of Congress. That I do not state the charge too strong, I will refer to the published speech of the Senator, revised no doubt by himself. "These questions acquire a still graver character and deeper interest from the significant speculations, indulged on the appearance of Mr. Biddle's letter, by certain leading journals known to be friendly to the Bank, and supposed to be more or less conversant with its views. One of them, commenting on the letter of the president of the Bank, says, 'the Bank will no doubt, in the course of a short time, by an insensible process become the fiscal agent of the Government.' Another with reference to the same letter, says, 'it will be a serious, and not improbable spectacle, if we see, through the instrumentality of concurring circumstances, a National Bank re-established without the action of Congress.'" This grave charge is first introduced in the name, and on the authority, of journals friendly to the Bank, and of course hostile to the Administration. This is most excellent authority for any one, even a neutral, to decide, not only on the acts, but the future purposes, of the Administration. It is, however, endorsed and reaffirmed by the Senator, who repeats with emphasis, "a National Bank re-established without the authority of Congress! What is easier or simpler than to do it by the insensible process already commenced! Let the Executive, at its own will and pleasure, adopt the Pennsylvania Bank of the United States as the fiscal agent and depository of the Government; let it join the weight of the public revenues to the already enormous capital of that institution; let it superadd the credit arising from the connection with the Government to the extensive and pervading operations in which the Bank is engaged throughout the Union, and have you not a National Bank re-established to all intents and purposes—re-established without the concurrence of Congress, and in despite of its authority. And would it not be a National Bank of the most dangerous and worst possible kind, created by the fiat of the Executive alone, and allied with the Executive, and dependent on the Executive." The Senator goes much farther than the Bank journalists; they only assert the fact, or rather insinuate, that a National Bank, by an "insensible process," may be re-established without the action of Congress;

but he describes the process by which this result is to be brought about. Who can read this glowing picture and not feel that the country is in great danger? The magnitude of the evil no one will deny. This, sir, is a very grave accusation; no less than a design on the part of the Executive to supersede the authority of Congress, upon a subject of the deepest interest to the country.

Well, sir, on what foundation does it rest? Is it supported by the report of the Secretary of the Treasury? Has Mr. Woodbury furnished evidence against himself of having conspired with Mr. Biddle to establish a National Bank without law? This would certainly be very extraordinary. It is apparent that this frightful picture of danger, wrought up with so much art, is a mere creation of the imagination—that it has no foundation in fact, derived either from the report or any other source. Is it not surprising and lamentable that any gentleman on this floor should take up the mere insinuations of Opposition presses, and make them the basis of such grave charges against the Government? Even Mr. Biddle, the Senator's own witness, bears testimony against him. He entirely puts down this charge. He admits that he has found it necessary to assume the powers of Government, or, at least, to fall back into his old position of a National Bank, to carry the country through the late crisis, to sustain American credit at home and abroad, to protect chartered rights, maintain the public faith, and restore and regulate the currency. But having accomplished all this, he abdicates, retires, and throws off the cares of empire. He has no longer any controversy with the Government, and is resolved hereafter that his Bank shall be confined to its appropriate sphere of action, as a mere State institution. If the Senator will place no confidence in the statements of the Secretary of the Treasury, ought he to discredit his own witness? Shall he be permitted to use Mr. Biddle as a witness against the Administration, and thrust him aside when his testimony is in their favor? Or is the testimony of the Opposition journals, on a subject of this kind, held in higher estimation than that of Mr. Biddle? But as totally unfounded as is this imaginary coalition and conspiracy between the Executive and the Bank of the United States, the Senator really appears to believe it, and, in the emphatic language of a British statesman on a memorable occasion, declares, "In the name of my country I forbid the bans."

I am somewhat surprised, sir, at the allusion to the memorable coalition between Mr. Fox and Lord North, which was so unnatural and preposterous as to have shocked honest men of all parties in England. It appears to me that what we witnessed the other day, when the Senator openly took his stand with the enemies of the Administration, the old opponents of Democracy, that that was a case bearing a much nearer resemblance to the odious coalition to which he had referred. But, however, under other circumstances, I might have regretted the occurrence; after what I have witnessed, I, for one, have no disposition to forbid the bans.

Mr. President, the next accusation which I will notice, is, that the Executive does not desire the establishment of the Sub-Treasury system, but that

his real object is to restore the State bank deposit system, unregulated by law and subject entirely to Executive discretion. "The practice of the Executive," says the Senator in his published speech, "even while professing to have adopted the Sub-Treasury system, affords the most complete recognition of the superior value and advantages of banks as depositories and fiscal agents. They deprecate, it is true, a connection with banks; but it is a legal connection, sanctioned and regulated by law, it seems, which they deprecate, not one depending on Executive discretion. Not only the practice of the Administration, but the express language, both of the President and Secretary of the Treasury, recognise the high, and, in the present condition of the commercial world, almost the indispensable utility of bank agency in the fiscal operations of the Government; but they are for leaving the employment of banks to the will and discretion of the administrators of the Government."

Sir, a more grave and serious charge than this could not well be made against the Executive officers of the Government. What is it but to denounce the President and his Cabinet, or at least the Secretary of the Treasury, as attempting to practise a base fraud upon the country. The Administration preach one thing and practice another. "The Sub-Treasury scheme, although still recommended, and earnestly recommended in name, and intended possibly to be pressed in fact, is virtually abandoned in argument." The people of the United States are told by a Senator in his place, that although the President has, on three occasions, in his most solemn official communications, recommended the entire separation of the fiscal concerns of the Government from all banks, and has earnestly, and with great ability, urged upon Congress the adoption of that measure—that although the Secretary of the Treasury, in three official reports on the finances, has urged the adoption of the same measure, and attempted to show its practicability, safety, utility, and beneficial influence—notwithstanding all this, the Senator now declares to the country, that neither the President nor Secretary meant any such thing; that they did not desire the measure to be adopted, and were only attempting to deceive and cheat the people, by a false issue, as their real purpose was to use the State banks, and they only wished to get rid of the restraints of law.

Could anything add to the extraordinary character of this charge, it would be the fact that it comes from one who, during the last session of Congress, repeatedly expressed his astonishment at the pertinacity with which his measure was pressed upon Congress. The language of the gentleman, and others among his present friends, all must remember. They were really astonished at the perseverance and obstinacy of the Executive and his supporters in adhering to this measure. In their eyes, we seemed all to be perfectly infatuated, reckless of consequences, blind to what was taking place around us, and totally regardless of public opinion, which every where, it was said, had declared against it, and yet the same determination was manifested to carry it through. It must be forced upon the country against the known will of the people, and at the sacrifice of the most impor-

tant interests of the country. Such was the language of honorable Senators a few months ago, who now tell us that the Administration is not sincere in pressing the Independent Treasury plan, and only wishes to avoid all legal restraints in the use of the bank as fiscal agents. Were gentlemen sincere then? If so, what ought to be thought of their present declarations? But, sir, this charge of deception and imposition, practised upon the country, cannot be confined to the Executive; it must apply equally to the supporters of that measure in Congress. We must all have been parties to this fraud, and equally guilty with the President.

Well, sir, on what authority is this grave charge preferred against the Executive and his supporters in Congress? Two circumstances are referred to: the practice of the Treasury, and a single remark of the President in his message, and a suggestion of the Secretary in his report. What the practice of the Treasury has been the past year, we have already examined. The Secretary has placed the avails of the bonds, and other payments made by the Bank of the United States, in that Bank, on special deposit, to be drawn out as the public service might require. This has been the only connection between that Bank and the Treasury. It has employed four deposit banks, under the act of 1836, which was obligatory upon the Secretary; and he has made temporary special deposits in sixteen other banks, at points where no other depositories were provided by law, and where the safety of the revenue or convenience of the service required it. From these facts, it is argued that the Administration, in conducting the finances, practices upon the bank deposit system, and thereby gave its sanction to it. This is a strange argument, truly. The President proposes a change of the financial system, and the establishment of other depositories than banks. This measure the Opposition in the House defeat, and then turn round and charge the Administration with having no confidence in the Independent Treasury plan, because they have been compelled to conduct the finances partially, at least, upon the old system. Who ever contended that the bank deposit system could be entirely dispensed with, without providing some depositories and financial agents as a substitute for the banks?

But although no substitute was provided, the concerns of the Treasury have been conducted the past year with very little employment of banks. With the exception of the four employed under the act of 1836, and these all at unimportant points, no banks have been employed, either as general depositories or as fiscal agents. They have been used only occasionally and temporarily for keeping the public funds, where other safe depositories could not be found. Instead, therefore, of the practice of the Treasury the past year being an argument against the Independent Treasury, it is the strongest possible argument in favor of that measure; and instead of its proving that the Administration have no confidence in the measure, and have virtually abandoned it, it demonstrates its practicability and safety.

So much for the practices of the Treasury. And now for the declarations of the President and Secretary, showing that they have abandoned the Independent Treasury plan. The President says tha

"an appropriate and occasional use would still be made of the banks by the Treasury, as is done by others, whenever convenience would require it. But neither party should be forced into a species of vassalage—a constant, necessary and dependant connection." Is this abandoning the Independent Treasury? Who ever supposed or contended that an occasional use would not be made of banks, under any system, for particular services? This is altogether a different thing from the Treasury's being made entirely dependant on the banks. But the Secretary of the Treasury says, in his report, that "banking institutions have never been regarded by the undersigned as a class of agents generally unsafe when looking to eventual losses." And this is an abandonment of the Independent Treasury! The Secretary does not say that he considers banks *more safe* than other depositories. His language implies the contrary. He only says that he does not consider them generally unsafe in relation to eventual payment; implying that he regards them as exposed to occasional interruption or suspension of payment, as has been experienced.

But what do these detached expressions of the President and Secretary amount to, when taken in connection with the fact, that in the same documents in which they are found they have both reaffirmed their confidence in the Independent Treasury, and again recommended its adoption?

Sir, I think that I have shown that this serious charge against the Administration, put forth with so much boldness, of attempting to practice a deception on the public in relation to the Independent Treasury measure, has not the slightest circumstance to sustain it; not even the authority of the Opposition journals.

There is one more charge against the Administration and its friends, only, that I propose to notice. It is, that the Independent Treasury plan is used as a mere rallying cry of party, and is to be carried through as a party triumph. "Why, then," says the Senator, "is it again recommended and urged upon us? Is it as a rallying cry of party? Is it to drive through a party triumph, fatal as I firmly believe such a triumph would be, in the end, to those who achieve it? Are there, then, Mr. President, no circumstances of national exigency appealing to the dormant, yet I hope not yet extinguished spirit of patriotism, in which we can rise superior to this fatal bondage of party, and act for our country?"

It seems, then, sir, that there is an intention to carry this fatal measure through after all; but it is to be carried through, not for the good of the country, not from a conviction of its importance and utility, but as the "triumph of party." Why, sir, we had previously been told that there was no intention to adopt this measure; that, although recommended "in name," it was virtually abandoned—it was abandoned in practice, and abandoned in argument—the President and Secretary of the Treasury were not in earnest in recommending this measure—they did not wish it to pass, but desired to employ the Bank according to their own discretion, and for their own purposes. How these conflicting charges are to be reconciled I cannot see; it may be clear to the author of them, as, since he has taken his new position, he appears to view objects

through a different medium from what he formerly did.

But, sir, the same objection applies to the first charge, of a coalition between the Executive and Mr. Biddle to re-establish a National Bank, without the action of Congress. Here are three distinct accusations, all of a serious import, and each one incompatible with the other two. They all cannot be true, but they all may be false. I have proved two of them to be so, and believe it quite easy to show that the other is like unto them. They all come from the same prolific source. The design of re-establishing a National Bank, in connection with the Treasury, and to be a Treasury Bank, is entirely inconsistent with the revival of the deposit bank system. Both of these deep plots cannot stand together. If we are to be cursed with a National Treasury Bank, we cannot at the same time be afflicted with the deposit bank scheme. When so many deep and dark plots are on foot, to prostrate the rights and liberties of the people at the shrine of Executive power, it is some consolation that but one of these conspiracies can succeed. Yes, sir, it is fortunate for the country that two evils of such magnitude cannot exist at the same time. But perhaps it is meant that we are to have them in succession; first, the National Treasury Bank, established by Executive power, and then the deposit bank system, without law, and subject to Executive discretion. After these is to come the Sub-Treasury scheme, as a "party triumph." Threatened as the country is with a succession of such alarming dangers, no wonder that even "neutrals" have armed themselves, and boldly come forward to the rescue.

In regard, Mr. President, to this last accusation, that the Independent Treasury plan, after being entirely abandoned as well as twice superseded by the two other schemes, is still to be carried through as a party measure, I have a few words to say. This language, sir, is not new from the honorable Senator; we have often heard it before, and I believe on every occasion on which he has addressed the Senate on this subject. He, sir, is elevated above party spirit, and the ordinary passions to which, in the frailty of human nature, others are exposed. He has no selfish personal objects; but acts only from pure, patriotic and elevated purposes. These high pretensions, sir, it is not my purpose to dispute. In regard to them, I only say, let the country judge! Let the country judge between him and his little band of armed neutrals, who have seceded from their old associates, and the friends with whom I act in sustaining this great measure.

But how is it, that one claiming such pure, disinterested, and patriotic motives himself, should be so uncharitable to those who may differ from him? Is there any known principle in morals or politics, by which the great mass who act together, are to be presumed to be dishonest, and the small number who differ from them to be honest? On what authority does the Senator arraign our motives? On what grounds does he presume to say, that in sustaining this great measure, we are actuated by no purer motives, no higher considerations, than to achieve a mere temporary party triumph—that this measure is to be carried by the rallying cry of party.

In the offensive sense in which the gentleman uses the term, I can assure him that this is no party measure; it was neither brought forward at first as such, nor has it been persevered in as such. No one ought to know the truth of this better than the gentleman himself. Where is *he* now, at the head of the little Conservative band of armed neutrals, who, on account of this very measure, have seceded and withdrawn from the party with which they had long acted? That this measure would temporarily weaken the Administration, no well informed man doubted. That it was too strong a measure for the weak nerves of some of our friends, was foreseen. That there were many *professing* to be Democrats, who were so connected with banks, as to regard this measure as in conflict with their interests, was apparent at first. There may have been some whose political views were honestly opposed to it; and possibly there may have been a few whose political aspirations lead them to assume a position hostile to it, and to the party that sustained it, or at least, a position of "armed neutrality."

In one sense, however, sir, it is a party measure, and the rallying cry of party. It is a party measure, in the same sense as the revolution in England of 1688 was a party measure. Sir, that was a party measure, carried through by a party, the Whigs of that day, not like their namesakes of the present day, although, perhaps, resembling them in some points, and especially in the principle of confining the political power to the wealthy classes. It was a party which overthrew the tyranny of the Stenards, and gave liberty a chance to rally. The Independent Treasury, sir, is a party measure in the same sense as was glorious Revolution. That was emphatically a party movement, sustained and carried through by the rallying cry of party, which was but another name for the rallying cry of independence and liberty. The great civil revolution of 1800 was also a party measure, which overthrew ancient Federalism, the first combination of all the aristocratic elements into a dynasty of political power, and restored the Constitution at its last gasp. All great reforms in the political institutions or condition of the people in this country, and all others, have been party measures, and have been sustained, prosecuted, and consummated by party efforts, party zeal, and the rallying cry of party. But they have been parties based upon *principle*, animated by an apprehension of danger, stimulated by the love of liberty, united and struggling for a great and common object.

In this sense, sir, the Independent Treasury is a party movement, a great *reform* measure; and should we be fortunate enough to carry it through and establish its principles, it will, in my humble judgment, in future times, bear some degree of comparison with the great measures to which I have referred. Those who regard it in no higher aspect than a mere financial arrangement, a question of temporary expediency, cannot appreciate the motives of those who consider it as the first important step in the reform of our wretched paper money system, on the one hand, and of our political institutions on the other. Its paramount objects are, first, the real independence of the Government of all corporations,

in its finances, which are the life blood of every Government; and, secondly, the entire separation and exclusion of the organized moneyed power from our political institutions. The danger from either of these sources, I am aware, is not appreciated by some, but in the apprehension of others, it is real and imminent. It is not an imaginary danger. The evil exists, and has already taken deep root in our soil; it ought to be, it must be arrested. The organized moneyed power has already, by an insensible process, become an important, yet an incongruous and alien element in our political system. Our system of civil polity, both State and Federal, is in its theory purely *popular*, free from any other ingredient, or any modification of the great principle of popular sovereignty. Its establishment, as well as its ordinary action, is a result of the popular will. If any hostile element becomes incorporated with it, its purity is destroyed, the harmony of its action is lost, and jarring collisions must follow. When the organized moneyed power becomes so incorporated with the Government as to constitute an essential elementary principle of political power, the system will be changed. It becomes at once a mixed system, consisting of two elements, the popular will, and the associated moneyed power.

This last element is essentially anti-Republican, or even monarchial, for what is the principle of monarchy, but that of independent, irresponsible power, neither derived from, nor responsible to, the popular will. The organized moneyed power, when connected with the Government, is equally independent of the will of the people, and removed from all responsibility to it. But I cannot now go into this question, and have alluded to it only to show what sort of *party views* have influenced the action of the friends of this great reform measure.

But, sir, whilst it is asserted that the President has abandoned the Sub-Treasury in practice and in argument, we have a commentary upon his declaration that "recent events" have strengthened his confidence in the measure. "What the President can find," says the Senator, "in recent events, to sustain the renewed recommendation of the Sub-Treasury scheme, it utterly surpasses my powers of comprehension to imagine." It is then asked, in a tone of triumph, if the banks have not resumed specie payments, if they have not restored the currency, and proved that they are sound and safe depositories for the public revenue? It is true, sir, that the banks have, in a large section of the Union, recovered from their prostrate condition, and done so in a short period. But it is equally true, that this has been accomplished, not only without the interference or aid of the Government, but whilst the Independent Treasury has been in practical operation, whilst the revenues have generally been managed without the agency of banks, either as depositories or fiscal agents. Have not these "recent events" disproved what was so earnestly maintained on the other side of this House, that the banks could not recover if the Government should divorce itself from them in its fiscal concerns? In this respect, therefore, "recent events" have proved that gentlemen on the other side of the question were wrong, and that its friends were right. Although the bill did not become a law,

still the separation of the Treasury from banks has practically prevailed, with the exceptions referred to, growing out of payments by the Bank of the United States. "Recent events," therefore, have proved that the separation has not, as was constantly asserted last session, injured the banks even in their prostrate condition. The alarm, then, that this financial system would injure the banks, and destroy credit, is proved, by the experience of the past year, to be wholly unfounded. And if we compare the rapid recovery of the credit and currency of the banks now, with the protracted struggle which they passed through at the close of the last war, it would seem a fair and just conclusion that the disconnection of the revenue from them facilitated and accelerated their restoration.

But this is not all. "Recent events" have proved that the concerns of the Treasury can be conducted without any bank agency whatsoever. This has actually been done the past year, with the exceptions named, without any substitutes being provided by law, either as depositories or fiscal agents. If the concerns of the Treasury have been safely managed on the principles of the separation, without the substitutes, or any of the safeguards which the bill provided, does it not demonstrate, that had it become a law, its operation would have been found convenient, safe, and highly beneficial? The experience, therefore, of the past year, has proved that bank credit and currency has not suffered, but probably been benefited, by the disconnection of the Treasury with banks; and it has also proved that the concerns of the Treasury can be conducted without their agency. These are two very important points which "recent events" have established.

But, sir, it is triumphantly asked whether, in his allusion to "recent events," the President refers to the defalcations of his sub-treasurers? And who are these defaulters whom the Senator denominates as sub-treasurers? They are the late collector of New York, the late district attorney of the same city, and a disbursing officer in the army. These are the Senator's sub-treasurers; but, unfortunately for his purpose, they were sub-treasurers under his favorite deposit bank system; and their defalcations occurred under that system; and yet the gentleman sneeringly characterises these officers as sub-treasurers. Sir, not one of them was a sub-treasurer, according to the provisions of the bill which passed the Senate at the last session. One was a collector of the customs, but would not have been a depository of the revenue had that bill become a law; one was a disbursing officer in the army, and the other a district attorney, who was neither a receiving or disbursing officer. What, then, have the defalcations of these officers to do with the Sub-Treasury? I will tell you, sir, what they have to do with it. They show, or particularly that of the collector, the urgent necessity of some of the legal provisions and safeguards contained in the Independent Treasury bill; they prove the defects of existing laws, and the imperious necessity for additional guards, checks and securities, in respect to all public agents who either receive, keep, or disburse the public funds; they demonstrate the importance and necessity of a great moral principle contained in that bill, which made the

conversion of the public funds a *crime, a felony*. This principle would have thrown around your Treasury a moral obligation of immense force. If there is any one consideration which will operate with more force than any or all others, on men in responsible and honorable public stations, it is the apprehension of the loss of character, to be followed by disgrace and infamy. This powerful restraint has been wanting. The policy of your laws, instead of making it a crime to use the public money, has encouraged its use by the agents having the custody of it. And, in regard to defaulters, they are not subject to a criminal prosecution, and incur no other responsibility than a liability to a civil suit, for the money which they have plundered from the Treasury.

But we are told, sir, that such is the *weakness* of human nature, that it will not do to entrust the public treasure to men in public office. "Far better would it be in my humble judgment, to heed the prayer which divine wisdom has taught to human *weakness*, and 'to lead not' public officers (who are but men) into 'temptation,' by committing to their custody large sums of money." The weakness and depravity of human nature may be a sound principle in theology, but in politics it is the principle of despotism; the basis on which all Governments rest that tread in the dust the rights and liberties of the people. This is not the first time we have heard this language from the same quarter. It has been repeated in every discussion of the financial question before the Senate the last two sessions. The weakness of human nature! Public officers who are *but men* cannot be trusted; they ought not even to be exposed to temptation. To whom shall public trusts be confided, if not to *men*? Shall they be intrusted to corporations, which are above the weakness of human nature, and removed from temptation? What slavish doctrine is this to be heard in the Senate of the United States? Sir, I have listened to this language with astonishment in this hall, coming, as it has, from a quarter whence I should have least expected sentiments so derogatory to freemen, so discouraging to popular liberty from a Representative of that enlightened Commonwealth, which, on former occasions, speaking through her distinguished and enlightened sons, was the first to proclaim and defend those great truths, of the moral and intellectual capabilities of man, for the high purposes of self-government. Is this the language, sir, we hear from a professed disciple of Jefferson, claiming to be brought up at the feet of Gamaliel; a disciple, I will not say, without any of the principles of his master, but certainly wanting in some of the most essential and fundamental principles which distinguished that illustrious man.

Sir, did Jefferson talk about the weakness and frailty of man? Did he distrust the people? Let him speak for himself: "Some," says this great reformer, "suppose that man cannot be trusted to govern himself. Have we, then, found angels in the form of kings to govern him? Let history answer this question." Mr. Jefferson said that selfish, weak, and timid aristocrats alone distrusted and feared the people, whilst the honest Republican, who was content with a common share of the benefits of social institutions, had confidence in the

mass, as he was willing to enjoy his own rights in common with them, believing that the only just and effectual way to secure his individual rights, was to guard and protect the rights and liberties of all. He did not believe that men were too frail to be entrusted with power, or the public treasure. If he had any error, it was in going to the opposite extreme, and entertaining too exalted an opinion of the moral and intellectual capacities of mankind.

This doctrine, that from the weakness of human nature, men cannot be safely trusted with the custody and direction of the public revenue, is not an argument against the Sub-Treasury bill only, but it is equally an argument against all free Governments. Yes, sir, against all Governments which profess to consult the rights and interests of the people. It is consistent only with a Government purely despotic, where the rulers form a distinct class from the rest of the nation, and are permitted to oppress and plunder them at their pleasure.

The unreasonable distrust of the Executive, who is a mere popular magistrate, elected by the people, responsible to them, and liable at all times to be impeached by their Representatives, is a part of the same doctrine, founded on the "weakness" of human nature. Whether it was this sentiment of distrust of mankind, which had induced the leaders of Conservatism to assume the position of "armed neutrals," I cannot say. But certain it is, they appear of late to have lost all confidence in men, as public agents, and to put their trust only in corporations. The other chief of the armed neutrality, the honorable Senator from New York, [Mr. TALLMADGE,] whom I do not now see in his place, has also become alarmed at the "weakness" of human nature, the dangerous influence of the public funds and Executive power, on men in office, seems to have disturbed the Conservative composure of his natural disposition. He has not only expressed his fears of this influence, in eloquent strains of his own, but has added to them the more soft and touching language of poetry. This influence, he says, comes over us like

"The sweet South, breathing on a bed of violets."

Alarming, sir, truly alarming! Who can hope to stand before such an influence as this? The sordid love of money, and the selfish love of office, refined down to the odoriferous breath of the sweet South, arising from a bed of flowers. I am not aware, sir, who is the author of this poetry; but whoever he may be, I hardly think he designed it for an anti-Sub-Treasury speech; yet it really affords the strongest argument against that measure which its opponents have urged.

But, Mr. President, if the arguments of the gentlemen, derived from the weakness of human nature, were well founded, I appeal to them for their remedy. If they dare not trust sub-treasurers—as they choose to call all receiving officers and all who may have the custody or disbursement of the public funds—because they are men, pray, sir, what will they do? What is their scheme for collecting, keeping and disbursing the public revenue? If persons are not safe fiscal agents, what will they substitute? Will they substitute corporations, not only

for depositories, but for collecting and disbursing agents? All our revenues pass through the hands of three sets of officers—the receiving, keeping and disbursing officers. The receipts of the revenue are at numerous points, on your extensive commercial seaboard, on the lakes, and your sixty land offices in the extensive region of the West. Your disbursements are made in almost every part of our outstretched territory, and to the Indian tribes beyond your settlements, and on board of your public ships in foreign countries. We have disbursing officers for the army, the navy, for the fortifications and public works, with the Indian tribes, and on board public ships.

If public officers cannot safely be trusted, because, under a lax and defective system of laws, some have proved defaulters, we must employ corporations for all these various services at home and abroad. Certainly there are no more grounds to distrust public officers as depositories than as receivers and disbursers of the revenue. To accomplish this object, it will become necessary to put these corporations on wheels, as they now fortunately do not possess the power of locomotion. And you must construct railroads, so as to enable them to move with celerity where the exigencies of the public service may require. The troops are to be paid in Florida; you must put some respectable bank on wheels, and send it off to attend to that service. Annuities are to be paid to the Indians, and some Western bank must be despatched beyond the settlements for that service.

But, sir, if all this was practicable, the gentlemen could not get over the difficulty, springing from the weakness of human nature. That is a very serious difficulty to get over, sir, and, as I have already said, is fatal to all free government, and to human liberty. But what is a corporation? A mere abstraction, an ideal, imaginary being, existing in law, but not in fact. For all we see or know of its existence or actions, is of an association of individuals. Its actions, although in a legal sense the acts of the corporation, are in reality the acts of the directors and officers who are empowered to control the corporation. They, in fact, are the corporation. All that is gained, then, in employing corporations as financial agents, is to substitute one set of officers for another—the officers of a corporation for those of the Government. It is to entrust your funds to officers whom we do not appoint, and over whom we have no control, instead of officers of our own creation, subject to our own laws, accountable at all times to the Government, liable to be removed, and subject to such regulations, restrictions, and pains and penalties, as Congress may prescribe. Are not the officers of banks subject to the same weakness, and exposed to the same temptations, as officers of the United States? Have there not been as many defalcations and frauds by corporation officers as by those of this Government? It is true, that in every instance such frauds might not expose the Treasury of the United States to a loss, if it had funds deposited in a bank controlled by such officers; but it is, however, true, that all the losses the United States have sustained by banks have been in consequence of the fraudulent and dishonest conduct of their officers. But it seems to be claimed that it is wrong

for the Government to expose public officers to the temptation of having the custody and control of a large amount of money. Would not this argument apply with equal force to the banks, and if just, be fatal to the whole banking system?

Mr. President, the honorable Senator from Virginia remarked that he should be happy to see his friend from Pennsylvania [Mr. BUCHANAN] Secretary of the Treasury; but that gentleman, very wisely, in my opinion, promptly declined the proffered honor. This led the Senator from Virginia to remark, that he was not surprised at it, considering the "rotteness of the whole concern." Of the soundness or rotteness of the Administration, the gentleman, in his new position at the head of the "armed neutrality," now become a reinforcement to the Opposition, may not perhaps be the most impartial or competent judge. It does not appear to be a position favorable for the discovery of truth, as old friends and old objects evidently appear to the Senator's political vision very different from what they did when he was on this side of the House. He can now discover a dark spot upon the sun, and see faults of vast magnitude and proportions, which he did not discern at all when in his old position. Whether there was a fog on the other side of the hall, or whether it is wilful blindness on the part of those who cannot see objects except in the light they desire to see them, I will not undertake to determine; but, from some cause or other, the position is very unfavorable to the discovery of truth.

But whether the Administration is a "rotten concern" or not, I think the Senator from Pennsylvania may have good reasons for his decision, after what he has witnessed here and in the other end of the Capitol, of a disposition to assail, upon the most frivolous grounds, the head of the Treasury Department. It is difficult to satisfy gentlemen in any thing, and it seems utterly hopeless to attempt to please them in the concerns of the Treasury. The Secretary is either hostile to the banks, or indifferent towards them, or has too much affection for them; he is either discrediting their bills, or improperly aiding in circulating them. He cannot shape his course exactly so as to please gentlemen, and this is remarkable when they show so much anxiety to be pleased. Under these unfortunate circumstances, and as the Senator from Pennsylvania has declined the honor, it has occurred to me that, in a certain contingency, an arrangement might be made in regard to the Treasury which would be perfectly satisfactory to all the gentlemen on the other side of the House. The event to which I refer, is the election in 1840; for should the combined forces of the Opposition be successful, the honorable Senator from Virginia, who has long given his attention to financial subjects, should be placed at the head of the Treasury. It is true, sir, the event on which this important result to the financial interests of the country depends, is not only contingent, but its occurrence is rather doubtful. And the prospect of its taking place is not brightening, but daily becoming darker. The elections the past year, and other indications of public sentiment, do not seem to favor the opinion that such a result is very probable. Still, however, it is possible. At the last session, in the

most kind and friendly spirit, I cautioned and admonished my excellent friend over the way, (looking towards Mr. CLAY of Kentucky,) not to suffer himself to be deceived by appearances. I told him that the indications of public opinion, when the result of a panic or other temporary causes, could not be safely be relied upon, and that it would be no more than a reasonable foresight to forbear making any distinct arrangements for taking possession of the White House in 1841. Subsequent events have proved the seasonableness and wisdom of this advice, which I have no doubt was received in the same friendly spirit in which it was proffered. The prospect for the success of any Opposition candidate is not quite so good now as it was then; and what is more discouraging for my distinguished friend, there appears now to be some reason to doubt whether he will get on to the course. With all his skill and experience as a tactician, the military chieftain, and the expounder of the Constitution, appear to have got the start of him in the Presidential race.

But, sir, notwithstanding all these discouraging circumstances, it is still possible the Opposition may succeed. Their spirit is unsubdued, their thirst for power unabated, and their perseverance worthy of a better cause. But to my mind one thing is certain, if they do succeed, it will be entirely owing to the powerful reinforcement they have received from the gallant band of armed neutrals. That party, it is true, cannot boast of their numerical strength, but what they lack in numbers they make up in zeal and courage. Like all other deserters, they are distinguished for the bitterness of their feelings. Some of their chief leaders appear to hate the President so badly, as almost to excite a suspicion that they had once been his friends. To make up for past errors, they are now most spirited and active in the war carried on against the Administration and its friends. They have thrown themselves into the breach, and seem resolved to lead the "forlorn hope," and to merit the highest honors, even if they do not share the richest rewards, of victory.

The precise numbers of this formidable reinforcement have not been ascertained. I think, when they rallied under their own flag, they mustered three hundred in the city of New York; and at the recent election in Maine, they made a spirited movement, and having a very popular candidate, came out in all their strength. The result was glorious. If I mistake not, and I appeal to my friend from Maine [Mr. WILLIAMS] to set me right if I am in error, they polled two hundred and eighty-two votes, all told. On this splendid result of a noble struggle, a wag is said to have remarked, that had it not been for the unfortunate circumstance of there being eighty-three thousand scattering votes cast for Messrs. Fairfield and Kent, the candidate of the armed neutrality would have been elected in spite of fate!

In my own State, at the last election, they polled about fourteen hundred votes, out of fifty thousand. Most of these, it is now believed, have returned to their first love, and the residue, following the example of their chiefs, have gone bag and baggage over to the camp of the enemy. In New York, where one of their chiefs resides, this party

must be more numerous, and no doubt they contributed largely towards the late glorious victory achieved by the combined forces; and I really hope that injustice and ingratitude will not prevail, but that their disinterested services will be duly appreciated and suitably rewarded. In the Old Dominion, where the most distinguished chief of the armed neutrals belongs, their forces must be formidable in numbers, and respectable in character. There may be some in other States, of which I have no information.

Now, Mr. President, the importance and the valuable services of this reinforcement, will not, I hope, be estimated according to their numbers, but according to their zeal, their activity, and the great sacrifices they have made of feeling, interest, and long cherished friendships, from a pure love of principle. On this subject I have a word to say to my worthy friends of the Opposition proper, and, I doubt not, they will take a hint from me kindly. I say to you then, gentlemen, receive these allies graciously, and treat them not only justly, but generously and kindly. Do not estimate their merits according to the poor standard of their numbers, but according to their desires to serve you. Overlook, I beseech you, their past errors; you will remember that they were then in a false position, and surrounded by your enemies; and let all their votes against you be "expunged" from your memories. Be not only just to them, but generous; and should you be successful, (of which, however, there is very little prospect,) I hope to be excused for reminding you in their behalf of your settled principle, which I trust will not be forgotten in the disposition of the spoils; it is this—that the highest honors should be conferred on the last deserters.

Mr. President, I am satisfied that should the allied forces of the Opposition succeed in 1840, the claims of the honorable Senator from Virginia will be so strong that they cannot be resisted. He will be placed at the head of the Treasury. Then, sir, all our financial difficulties will be at an end; there will be no more war on the banks or tampering with the currency; he will pursue that happy medium, avoiding, on the one hand, hostility to the banks, and on the other, too great affection for them. Then the condition of the Treasury will be presented as clearly as the noon-day sun; no mystification, no obscurity, but every thing plain and intelligible.

Still, sir, there may be some doubt as to the principles on which the future Chancellor of the Exchequer will administer the finances. Like most other great men who have figured largely, and for a length of time, his sentiments appears to have undergone very important fluctuations and changes. Perhaps, in this respect, there is no material difference between him and many of his contemporaries, except in one important particular. Whilst they have been going one way, he has been going the other; whilst they have been advancing, he has been receding.

Now, sir, the country would like to know whether the Treasury will be administered according to the views of the Senator at any one distinct period, or according to his views at several distinct periods, united and blended together; and if the former, what

period is to be selected? This is a very important matter. If his opinions in 1834 were to form the basis of his administration, he should certainly have my humble support. A better head of the Treasury I could not desire. His financial principles at that time were sound, enlightened, and patriotic, as explained on this floor in a speech equally distinguished for fervid eloquence and just and patriotic sentiments. I have an extract from that speech before me, which I have no doubt the Senator's new friends will be gratified to hear read, although I am sorry, at this late hour, to detain the Senate:

*Extract from Mr. Rives's speech of 1834.*

"Of all the reforms, social, political, or economical, required by the great interests of the country, that which is most urgently demanded, and which promises, in its accomplishment, the largest results of utility, security and public benefit, is, beyond comparison, the restoration of the Government to what it was intended, by the framers of the Constitution, to be—a hard money Government. We are too much in the habit, Mr. President, of regarding the evils of a paper system as necessary and incurable, and of being content with the delusive palliation of those evils supposed to be derived from the controlling supremacy of a National Bank. Whatever influence such an institution may be supposed to exert in preserving the soundness of the currency, that object would be much more effectually promoted by a return, as far as practicable, to a metallic circulation. The first step towards that return, is to let the Bank of the United States go down.

"The ordinary channels of circulation being thus supplied with gold and silver, the Government would be prepared, without hardship to the public creditor, to require payment of its debts in specie, and thus realize a reform, than which none could be more deeply interesting, in every aspect, to the safety and prosperity of the country."

Sir, these are noble, elevated and patriotic sentiments: sound and enlightened, resting on the firm basis of the Constitution and the eternal principles of right and justice. These sentiments are worthy the occasion that called them forth, and worthy that ancient and "unperfected" Commonwealth from whose representative they came. At that time the gentleman was the bold advocate of a reform in our financial system, and for precisely the same reform we now desire—a reform which, in a "social, commercial and political point of view," he declared to be more desirable than all others. When the channels of circulation were filled with gold and silver, he was for collecting the public revenue in specie only, and for bringing the Government back to what it was intended to be by its framers; a simple "hard money Government." Well, sir, the channels of circulation are now full; there are, at this time, nearly one hundred millions of specie in the country, more than three times what there was when this speech was delivered. Now, then, is the time; now is the acceptable time; the contingency has occurred; the question is before Congress and the country, and I call on the Senator to redeem his pledge, to help to carry out this great and glorious reform.

But, sir, I fear I shall appeal to him in vain; he has long since abandoned these noble sentiments, for reasons no doubt satisfactory to himself, and has even attempted to disavow them or explain them away. In some publication since, he has attempted to destroy the entire sense and meaning of the language I have quoted, by a forced construction, making the whole sense depend on the qualifying clause as to the channels of circulation being filled with gold and silver. Sir, no-one ever did advocate a return to the hard money policy of the Constitution, and the collection of the revenue in

specie, until there was gold and silver enough in the country for the purpose. No one, sir, proposes to carry out this hard money policy until the channels of circulation are filled. This was the object of the specie provision in the bill of last session. But is the Senator now in favor of collecting the revenues in specie, at any time and under any circumstances? Do his present objections to that policy rest on the ground that the channels of circulation are not full, or do they apply to the principle of the policy itself? Let his course for the last three years answer these questions. Whatever his reasons may be, no one can doubt that he has abandoned his hard money policy of 1834.

The next we learn of his financial notions was in his course in regard to the deposit act of 1836. He advocated and voted for that bill, which first legalized the connection between the Government and the State banks, but *professed* to do it with great reluctance, and only as a choice of evils. Immediately after its passage, a controversy commenced among the Opposition presses respecting the paternity of that law. Some claimed that it justly belonged to the distinguished Senator from South Carolina, [Mr. CALHOUN,] and others that a distinguished Senator from Massachusetts, not now in his seat, [Mr. WEBSTER,] was its author and parent. But at the commencement of the next session, the Senator from Virginia, and his friend from New York [Mr. TALLMADGE] seemed to claim that they, if not the authors of it, were chiefly responsible for it. A measure which they had supported with great reluctance, and under a sort of duress, had become their favorite measure. If a word was said directly or incidentally against it, one or both of the gentlemen immediately took the floor as its champion. If not their natural child, it has certainly become their offspring by adoption.

Mr. President, those of us on this side of the House, who voted for that measure, also acted under a conviction of necessity and a choice of evils. We considered it a measure, that could only be justified on the ground of necessity, growing out of the peculiar and alarming state of our finances; but we did not then, nor since, regard it as involving any compromise of political principle, or as interfering, in the slightest degree, with our political relations. We, sir, did not regard it as a point for a new departure, or for commencing a new political reckoning. How it may have been viewed by the Senator from Virginia, and his friend from New York, is not for me to say.

At the next session, in 1837, we reached the third stage in the Senator's financial views, as disclosed in what was called his currency bill, and his management of that bill before the Senate. The bill in itself was well enough, it only re-enacted the joint resolution of 1816, with a provision designed to restrain and regulate the issues of the State banks. At that time, this had, to a limited extent, been the policy of the Administration; I had not much confidence in it, but was willing to give it a fair trial. I voted for the bill, and am by no means sure now, that if we cannot establish the Independent Treasury, it would be wise to adopt that bill, which in its practical operation, in one or two years from this time, I think in 1840, would entirely exclude all bank paper from your revenue; for there is not

now, and will not then be, any banks that do not issue notes less than twenty dollars. This, however, I do not suppose was the gentleman's object. At that period the idea of restricting and regulating the currency, by the regulations and influence of the revenue, was a prominent and distinct feature in the Senator's financial policy. He designed to restrain and control the currency of the States, by the Federal revenue; and thus to effect, indirectly, what he admitted we have no power to do directly.

In the undue importance attached to this measure, and the management of the bill when before the Senate, some gentlemen supposed at the time that they discovered *political designs*; an opinion that subsequent events appear by no means to have weakened.

I now, sir, come to the extra session, when the Senator's financial views appear to have undergone no essential change. He proposed his currency bill as a substitute for the bill reported by the Senator from New York, [Mr. WRIGHT,] without any change, except a provision designed to stimulate the banks to resume specie payments. At the last session an important change appears to have taken place in the financial policy of our future head of the Treasury. The principle of controlling the State bank currency, simply by the management and influence of the Federal revenues, was abandoned, and we were presented with a most gigantic and splendid scheme of a league of State banks, to be connected with the Treasury, and under the direction of the Secretary. Of all the projects for conducting the finances, this, in my judgment, was the most dangerous and alarming. The plan was, to recharter and take into the service of the United States twenty-five of the largest and most respectable of the State corporations, to give them the entire monopoly of the revenue, to authorize them to supply a Federal currency to be received for the public dues and to circulate throughout the Union, and to clothe them with power to regulate and control the entire currency of the country, under the supervision and direction of the Secretary of the Treasury. This was a combined engine of a National Bank and a Treasury Bank, of the worst and most dangerous character. The combined power of these twenty-five large banks, with the revenue and credit of the Government, acting under the direction and control of the Secretary of the Treasury, with authority to coerce and regulate the other State banks, would have been a centralization of the moneyed power, and a union of that power with the Government in a form of all others the most dangerous.

It is scarcely possible for the imagination to conceive of an engine more formidable or more dangerous than this. It would have had the possession and control of the public revenue, of public credit, and, to a great extent, of the general currency and credit of the country. What is a centralized authority over the entire currency and credit of the Union but a power over commerce, manufactures, over imports and exports, over the public revenue, and the entire business of the country? And what is a control of the business of the country but a power over the politics of the country? But it is not my purpose to examine this splendid scheme of centralized moneyed power

united with the Government. I expressed my views of it at the time, and I have now only alluded to it as one of the many wise financial schemes of the future Secretary of the Treasury, in case the combined forces of the Opposition should succeed—an event which, when viewed in connection with a scheme like this, or a National Bank, I am rejoiced to say, is not very probable. It is the author of this scheme who is so constantly filled with apprehension at the increase of Executive power, and the corrupting and dangerous influence of the public revenues.

Mr. President, I have come down to the present time, and what is to be the great financial scheme of the honorable Senator, at the present session, it is perhaps too early to determine. So far as an opinion can be derived from the speech on which I have had occasion to comment, nearly one third of which is devoted to the general question, the Senator seems now to be in favor of the deposit system, solely on the ground of its being the most *safe* and *convenient*, and without regard to its incidental power, to which he once attached so much importance, of restraining and regulating the general paper currency. In urging its superiority over the Independent Treasury plan, he relies on these two considerations alone.

In regard to the question whether the Independent Treasury or the State bank deposit system is most *safe* for the public revenue, it has been fully discussed heretofore, and I am not disposed now to

go into it. Nothing, perhaps, can be added on either side to what has been already said; and I will only remark that the arguments which have heretofore been urged on our side have not in the least degree been weakened by any defalcation or other events which have occurred since this subject was before the Senate at the last session; and the contrary, they have received additional strength and force.

I have now, sir, concluded what I had to say. In examining the financial opinions and views of the honorable Senator from Virginia, I have endeavored to present them fairly, and if I have fallen into error, it is not intentional. Whether he is disposed to do justice to the Administration or not, I am desirous to do justice to him. In the notice taken of his opinions and public acts, I really hope I have been as candid and impartial as he has in examining the official conduct of the Secretary of the Treasury. As in the contingency supposed, the Senator is to be placed at the head of the Treasury, I have deemed it important that the country should know what his financial principles and policy have been at different periods, that he should stand before the country as he has been, and as he now is, in his *new position*, at the head of the "armed neutrality," now allied with the Opposition forces.

I regret to have detained the Senate so long, in a debate of this description, and thank gentlemen on both sides of the House, for their attention.