SPEECH

OF

MR. LEET OF PENNSYLVANIA,

ON

THE INDEPENDENT TREASURY BILL;

DELIVERED

IN COMMITTEE OF THE WHOLE.

IN THE HOUSE OF REPRESENTATIVES, JUNE 2, 1840

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1840.
In the House of Representatives, June 2, 1840—In Committee of the Whole on the state of the Union, (Mr. Banks of Virginia in the chair,) on the bill “to provide for the collection, safekeeping, transfer, and disbursement of the public revenue.”

Mr. LEET, who was entitled to the floor, rose, and said:

Mr. CHAIRMAN: The question immediately before the committee, if I understand it, is the motion of the honorable member from Massachusetts, [Mr. CUSHING]—whose place, by his courtesy, I now occupy—to strike out the enacting clause of this bill. Having submitted this motion, it was entirely proper that the debate should have been led off, as it was, by that gentleman; because, by the very act of making such a motion, he undertook to prove that the bill ought not to pass. The motion to strike out the enacting clause is equivalent to a motion that the bill do not pass; and an affirmative vote on that proposition is in effect the same thing as a negative vote on the question, “Shall the bill pass?” The true question before the committee, then, and to which we must respond, is the question, “Shall this bill pass?” Now, without arrogating to myself any thing of the spirit of prophecy—I am neither a prophet nor the son of a prophet—I will hazard the opinion that the bill will pass; and I will, at the same time, express the honest conviction that forces itself upon my mind, that it ought to pass.

I desire, with the permission of the committee, to state, as briefly as possible, some of the reasons which induce me in the vote I intend to give on this measure; and I desire that, through the committee, those reasons should go to my constituents and the country. This is a plain, simple, constitutional measure; and, by the stability which it professes to impart to the currency of the country, it will, in my humble estimation, promote the real interests of the people, whilst it accords with the true spirit of our Republican institutions. It is the part of wisdom for those who are in power to adapt their measures, so far as it may be possible, to the peculiar circumstances of the country; and if this is not the very best measure which can be brought forward, I beg to inquire what the other and better measure is that has been proposed? Has any other been suggested? Where is the measure of the Opposition? Echo answers where? We have heard it said that the body politic, like a suffering patient, is sick; but what remedy has been suggested? We have heard the present distinguished incumbent of the Presidential chair reproached for not advising a better remedy; we have heard him denounced, on various occasions, in eloquent and glowing language, since this matter has attracted public attention. The people have been depicted as being in a suffering condition, as laboring under a debilitating disease, which would prostrate and destroy them, unless the proper medicines were prescribed and administered. My honorable friend from Massachusetts, [Mr. Cushing] in the course of his able and statesmanlike speech, referred delicately to a gentleman who is now the favorite Presidential candidate of the Opposition party; and by virtue of his high office, as one of the representatives of the nobility of the country—I mean the people—conferred upon his candidate the degree of doctor. He did not, to be sure, inform us whether he was doctor of laws, or of medicine, or of theology, but I presume the honorable member meant that he was doctor of politics and fiscal affairs. And in further speaking of the evils under which he claimed the country was laboring, and of the suffering of an intelligent people, the honorable gentleman said he did not believe the disease would be cured until Doctor Harrison came in. Now, Mr. Chairman, Doctor Harrison, we are told, is a patriotic, a benevolent, and a humane man; and if he possesses all the other excellent qualities which have been attributed to him—if he be a doctor so deeply skilled in the political and fiscal affairs of this nation, why does he not prescribe a remedy for all these evils, that we might embrace it? Allowing as much patriotism to the friends of this bill as we allow to him, if he would suggest a better measure than is here proposed; if he would prescribe a remedy which would cure this desperate disease under which the body politic is said to be suffering, will the gentleman from Massachusetts [Mr. Cushing] say that the people would not avail themselves of it? Surely, sir, they would. I ask again, then, where is the remedy of the Opposition that is better than this? Shall we look to this Dr. Harrison? Shall we look to the Senate of
the United States? Or shall we rather look to the House of Representatives, in the person of my honorable friend from Kentucky, [Mr. Pope,] who has suggested a plan, not in any distinctive form, but who has given on the outline of a plan, which, if carried out and perfected, would probably be that which Dr. Harrison would present to us. The honorable gentleman has proposed a Bank of the United States.

But more of that hereafter.

This National Independent Treasury bill was first brought before Congress in September, 1837. The message of the President of the United States, transmitted to both Houses of Congress in that year, recommended a separation of Bank and State, or, as it has been familiarly called, a divorce of Bank and State. What were the circumstances under which that recommendation was made? It was made after every other plan which ingenuity could devise for the purpose of taking care of the public money, and having them at all times ready for public use, had, to all appearances at least, signally failed. The United States Bank had been tried; the State bank depository system had been tried; and this measure was first brought forward when the country found itself in the peculiar condition, brought about, in my humble opinion, by the action of the Government, as honorable and learned gentlemen of the Opposition party would have the people believe, but by the action of these banks, these State corporations, which were too closely allied to, and connected with, the affairs of this Government. Congress was convened under extraordinary circumstances. The crisis was an interesting one, and full of consequence to the country. The whole nation had been convulsed, and business of all kinds disturbed and deranged, by the sudden and universal suspension of special payments by the banks; but the President nobly and manifestly looked danger in the face, and discharged his duty in a manly, yet firm and decided manner.

At that time and under such circumstances, what other measure but this, let me ask, could the President have recommended? The charter of the United States Bank had expired by its own limitation, and had come up two previous occasions, repudiated by the people; and the next resort to which the country took itself, the State bank depository system had failed. I ask again, then, what else could the President have done? In his message of that date, after setting forth, in a very clear and lucid manner, the causes which, in his view, had led to the unfortunate and disturbed condition of the affairs of the country then existing, the President, in the paragraph next to the last, in the message, says:

"It is under such circumstances that I have gratified the people, to whom the truth, however unpromising, can always be spoken with safety, for the first time, whose patriotism is no emergency too severe, and who are sure never to desert a public functionary, honestly laboring for the public good."

Now (conceding Mr. L,) in that sentiment, containing as it does, so just a compliment to the intelligence and the discernment of the American people, will any man pretend to say that the President is mistaken? No, sir. He had an unpleasant duty to perform—a duty which required probably as much moral firmness and political integrity as could have been demanded from even the highest public functionary—the duty of telling the people, in those excited times when the public mind from North to South and from East to West was agitated by the events which had but recently transpired—the plain and honest truth as he believed it to be. Believing that this Independent Treasury plan was the best which could be suggested, he came forward and met the crisis in the firm and dignified manner which became him as a gentleman—which we all admit him to be—and as the Chief Magistrate of one of the greatest and most glorious Republics on earth. But, sir, the plan encouraged great opposition; and my honorable friend from Massachusetts [Mr. Cutting] in the course of his remarks, to a few only of which I shall advert, because his argument has been ably responded to by the gentleman from Maine, [Mr. Lowell,] and the gentleman from New Hampshire [Mr. Atterton] observed, speaking of this bill, that it is the distinctive, and the only distinctive measure of the Administration. I agree with him, that it is a distinctive measure, but it is not the only one. I apprehend there are other measures, not so immediately interesting just now, which may be considered as subservient. The patriotism of this, however, will not be disputed by the Administration, or any of its friends; and I think when it ripens into maturity, as I trust it soon will, that neither the Administration nor the country will have cause to be ashamed of it.

But gentlemen say that the bill is defective; that it is imperfect. It may be so; no doubt it is; but what else could be expected? Would any man seriously expect that a measure thus important, thus complex in its operations and details, would spring from the brain of Congress perfect at once—like Minerva, the goddess of war, wisdom, and arts, is said to have come from the brain of Jupiter, perfect in form and symmetry. No. I have heard the same objection made in Pennsylvania, against one of the most glorious and benevolent systems, that was ever adopted by man. I mean the system of common schools—and those who were unfriendly to it, who opposed it, say that it was imperfect. The objection, however, did not avail; the system now is in full and successful operation. I can look around me here, and see some of my colleagues, who co-operated with me to bring that system into existence, and who know that, under its benign influences, the boys and girls of the Keystone State are now receiving the benefits and blessings of early education. I say, then, that these general objections of imperfection constitute no argument; and that, even if such imperfections exist, they can readily be removed. No measure, ever offered by any Administration since the days of Washington, has encountered so much, and such bitter opposition, as this; and measure, since the days of our own Washington—a name which I pronounce with reverence—a name which I delight to mention on all occasions, when I can do so, because it is associated with it an enthusiasm, a true greatness and brilliancy, which cause the bosom of every man who is an American citi-
The President says, to his entire satisfaction, by virtue of a moral nature, so to speak. Which all banks use for purposes of security, but every public measure by an intelligent people like ourselves will require new securities to be given. So are the officers connected with the Treasury Department. I mention this as a remarkable fact, that, notwithstanding the force which may be attached to the argument of my friend from Massachusetts in saying that any illustration drawn from foreign monarchies or despotisms—those Governments being dissimilar to ours—could not apply here; I say, notwithstanding this, it is still most remarkable that, as regards the single isolated fact of keeping the public moneys, the scenes of war, and upon which depend the successful and independent operations of every Government, whether free or not, in twenty-two out of twenty-seven Governments, the public moneys are kept by public officers, and not by the agency of banks or of corporations. The second, third, and fourth sections of the bill are, in my judgment, very judicious, because they select, as the places of deposit of the public money, the great commercial points of the country. They are the points which most, in a greater or less degree, affect every other part of the country in all monetary matters; they are the points at or near to which most of the people who are to receive, in the large sums, the public moneys, reside. This selection must, in a great measure, take away the force of the argument, which is urged in regard to the difficulty of the transfer of the public money by carrying gold and silver from one point to the other.

The fifth section of the bill provides for the appointment of four receivers-general, for the term of four years, unless sooner removed. They are to be sustained at New York, Boston, Charleston, South Carolina, and St. Louis. They are to give bonds with approved security, for the faithful discharge of their duties. So are the collectors, &c. and so, I may say, are all the fiscal agents who may be employed under this bill. So that, if gentlemen will institute a comparison between the security given for the public money as it is proposed to be kept by this bill, and the security of the public money as kept by banks, they will see that there is no required in the former case every security there is given in the latter. Cashiers of banks. The cashiers of banks give bonds for the faithful execution of their duty. The officers employed under this bill are required to do the same thing. And there is this remarkable difference: cashiers of banks are accustomed often to retain their situations during their whole lives, and it seldom happens that their bonds are renewed unless some very great change takes place. In many instances, we know that they continue to do the same duties under the same bonds for almost scores of years; and in many instances, where resort is had to suit at law, it often turns out that neither the cashiers nor the securities are worth anything. This bill requires that the officers shall be appointed for four years; and I take it for granted that the bonds must be renewed every four years; and, if the old securities are not regarded as sufficient, the President will require new securities to be given. So far, then, as security is concerned, this system has the advantage over the other. We have also every other means that can be devised to prevent the forcible abstraction of the public money by thieves or robbers, as they are sometimes called, though
probably the latter appellation may not be technically correct. We are told, however, that the banks have their stocks, and that there an additional security is to be found. It is true the have their stocks, and the stockholders, in a suit at law, might probably be held liable to the amount of their stock, and even beyond that. But in order to make the matter safe even to his degree, the personal liability of stockholders should be provided for by statute. This is a matter to which I may perhaps recur hereafter.

I come now, Mr. Chairman, to the sixth section of the bill, which is a very important one. And here permit me to say, that the very title of this bill furnishes a true index of the principles of the bill itself. What is the title? It is "An act to provide for the collection, as keeping, transfer, and diversissements of the public revenue." It is essentially unlike the title of a certain other bill, which, in the year 1836, was reported to the Legislature of Pennsylvania, and was entitled "A bill to repeal the State tax, to continue and extend the improvements of the State by railroads and canals and for other purposes." The United States Bank of Pennsylvania, with all its immense capital of thirty-five millions of dollars, held by the identical stockholders of the late Bank of the United States, as chartered by the General Government, was continued in its corporate existence by a bill which made its first appearance in the world under the title I have just named. And this charter was ushered into existence under the concise expression, "and for other purposes." It is true, that after the bill passed, its friends thought it would be best to christen it over again, and they added the words, "to charter a State bank to be called the United States Bank." Now, so far as the bill before the committee is concerned, the most fastidious gentlemen, in or out of Congress, cannot find fault with its title. By reading the title, gentlemen will see what the bill purports to be; and by reading the sections, and examining them impartially, gentlemen will find that there is a strict correspondence between the provisions of the bill and its title.

But this United States Bank coming into existence as it did, under the remarkable title "and for other purposes," was carried through the Legislature—how? By a system which, in Pennsylvania, we call the log rolling system; that is to say, appropriations were put into the bill, and subscriptions to the stocks of railroads, turnpikes, bridge companies, and every thing of that kind, were to reach every section of the entire State of Pennsylvania; and so as to place members in the awkward position—that they must either appear and vote against the immediate local interests of their constituents, or they must go in for the whole, and embrace the very objectionable measure of a United States Bank, rechartered as a State institution. And thus the bill passed. This is a system very similar to the one now in vogue, to which I suppose, it will not be in order to refer. This log rolling system addressed itself not to the upper standings, but to the prejudices and interests of men; and thus they were compelled to vote for that bill, even though it incorporated foreign lords and nabobs as the stockholders of an American bank, whom the honorable gentleman from Kentucky [Mr. Pope] would now exclude; and I here assert that all the difficulties which we have had in Pennsylvania, in relation to our improvements, and almost everything else, may be attributed to the passage of that bill. It aroused a spirit of prodigality and speculation amongst us, and men almost went mad in regard to appropriations. Gentlemen could scarcely talk of anything less than millions. And now we are reaping the fruits of such legislation; we find that we have got no good, but evil altogether. I say, therefore, that there is a marked-difference between the plain and open title of this bill, and the secret and insidious title of the other. This is addressed to the understandings of men; they are invited to look at it, to read and examine it for themselves, and when they do so, they will find that the title indicates truly what the bill is.

The sixth section repudiates the idea of loaning the public money; it expressly prohibits the loaning or the using of the public money. This is a wise provision, and one calculated to be eminently useful to the country. It was the loaning of the public money by the banks which in reality created the civil war between General Jackson's administration and the Bank of the United States; because the act which incorporated that Bank provided for the deposit of the public money in its vaults, and because, as a matter of favor from the people, that institution, and its foreign stockholders, enjoyed the exclusive privilege of the public money for years. When the deposits were removed, their interests were affected, and the business of the country was all affected, as I shall not attempt to deny, because the change would necessarily compel them to modify their business, at all events to some extent. They had enjoyed the use of the public money as long as they seemed to regard themselves as entitled to it forever; they seemed to consider that neither the Government nor the people had a right to say that the public money should not be loaned out, but that it should be kept in a particular way for the uses of the Government, and that we would not longer run the risk of being connected with any bank, however fairly or honorably its affairs might be conducted. And because the people avowed themselves determined to act upon the principle that they had a right to do what they pleased with their own money; that they had a right to have it in such a condition as they might be able to command it when war, or any sudden emergency, or a due regard to the interests of the country, required it; for this reason, I say, the Bank of the United States took office, and avowedly entered the political arena, as it was claimed upon the principle (and I would not do injustice even to that institution) of self-defense. I will not stop to inquire whether the interference of that institution with our political affairs was, or was not, caused by the principle of self-defense—or whether it originated in the desire and thirst of power, principles which we know are identified with the very nature of institutions of that kind, especially when they are over-
grown and possessed of large capitals, and more especially when they are controlled, as that institution, was by foreigners, by rich men abroad, not citizens of our own country, and not feeling the same interest in our institutions that we ourselves feel.

The late President of the Bank of the United States, Mr. Biddle, a gentleman whom I have the honor to know, and whose talents and learning I hold in much respect, says some where that the constant tendency of banks is to lend too much, and put too many notes in circulation; and the President of the United States says, "that the proumence to excessive issues has ever been the vice of the banking system."

Here, then, for once, Mr. Van Buren and Mr. Biddle agree in opinion. Whether they ever did so before or not, I need not inquire; but they do agree in this particular, and, so far as my fiscal vision goes, I cannot see how a difference of opinion could possibly exist between them on that point. I say that so many words never expressed more cogent truth than is contained in the two passages I have quoted. Banks, with all the restrictions and limitations usually thrown around them, will excite speculation and overtrading. It is in their nature to do so. We all know that when people come forward, either in the Legislatures of the States or in Congress, to ask for the charter of a bank, they put it on the grounds of public good or public convenience, and that charters generally are granted on that professed principle—therefore, numerous checks and guards are inserted, and most generally the power of revocation is retained. But such was not the fact in relation to the United States Bank of Pennsylvania for the majority passed the bill refused to insert such a clause, a motion to that effect having been made by my honorable friend and colleague, who sits on my right [Mr. McCulloch]. But I say that, with all the checks and guards usually thrown around these institutions, they will vie and struggle one against the other, and excite overtrading and speculation, and they will induce people who would otherwise be content with moderate profits to run into excesses, which lead finally to disaster and ruin. The same principle has made many men, who were once affluent, now poor. They have been overwhelmed by the consequences of their own folly, and by the thirst of gain which always characterizes these soulless institutions.

These banks, it is true, are composed of men who, in their private characters, may be honest and upright, yet when they come to be invested with a corporate capacity, they seem to forget the principles by which, as individuals, they are directed and governed—so true is the maxim of the old common law, that corporations are soulless. They have no sympathies. The first principle of their nature is universal self-interest. The more money they can make, the better financiers they are; and they act upon the principle of taking care of themselves, and letting everybody else do likewise. Upon this point, I ask the Clerk to read some observations which I consider very judicious, and which I intend to incorporate into my printed remarks.

The Clerk then read as follows:

From an article on "Banking and Currency," in the Dublin University Magazine for February, 1840.

"The effects of rival banks of issue on the fluctuations of trade, may be thus briefly stated. Where ever, and when public confidence, and that charter, generally are passed the bill refused to insert such a clause—now, and priced are high, the currency..."
than the sum of ten dollars. My idea is this—and I may as well depart a little from the order of my argument, and express my opinions here—I would have these institutions chartered as commercial institutions. I would not allow any great number of them to be established, (we have now, I believe, about one thousand banks in the United States.) I would have them issue no small notes—threes, twos, ones, and even notes of a less amount, as they now do. I would sanction no such thing; but I would confine them to commercial operations: and in that respect I am of opinion that they would be eminently useful to the country. If the subject of banks and banking were a new question, now first propounded—if we were now about to establish a system—I would be in favor of one essentially different from that which at present prevails—different even from the system as it is gleaned from the acts of incorporation themselves, and which we know are more perfect in the theory than the system itself is in practice. I would be in favor of a thorough reform. I would reform all the abuses and excesses into which they rush, and which are not authorized by their charters. I would reform them by law, by the force of public opinion, and in every manner in which the object could be attained. But I would not destroy the banks; I would not injure credit, for I believe it must, and always will, exist in such a country as this; but I say that, whenever it can be done, the system ought to be reformed; and it can only be done by progressive steps. But the credit system must be so regulated as to be useful to the people, and not to the stockholders of banking institutions alone.

If, then, the banks will, as I think I have shown, without the aid of the public treasure, vie with each other in the struggle for customers and business, will excite speculation and overtrading, and for that purpose will expand their issues, and afterwards be under the necessity of contracting them, thereby affecting the value of produce, and of all articles of trade; if, I say, such is the case, it is evident that this state of things grows out of the very nature of these institutions, how much less will it be the case if you adopt the principle of this sixth section, and refuse to loan the public treasure at all? It is this very principle of refusing to loan the public treasure, which is to save you and the country from all this feverish excitement, and speculation for money’s sake, which we see resulting from these institutions. And in this connection I have another remark to make. This is an independent Government, so intended to be by the framers of the Constitution. It has limited powers, and all the powers which are not given to it by the Constitution are reserved to the people of the States. And although the word currency is not used in the Constitution, as a grant, yet the words “gold and silver” are used; and they are made the tender in payment of debts, so that your Government could not pay a debt in any other medium, if your creditors chose to demand it. I say, then, that the Constitution, and the people who framed it, designed this Government, as far as the power existed to make it so by that instrument, to be independent, and to carry on its operation, without the slightest dependence upon, or connection with, the States, directly or indirectly. But if you repudiate this principle, if you take this exploded system of State depository banks, what is the consequence? You see that these banks are dependent on the Legislatures of the States—that they are the creatures of State legislation; and when they get into difficulties, you see them going up and imploiting their Legislatures to be merciful towards them. Then, banks, be it remembered, have a great deal of power, it is too much, and too often accomplish their purposes; and if you adopt that system, it is most certain that you make this Government dependent on the States, because the banks themselves are dependent on the Legislatures of the States.

In this situation of affairs, you would have a great and splendid Government, with twenty-six growing and prosperous States, connected with (and bound to support it, to be sure, when necessary) in a condition of dependence, however, altogether different from that intended by the terms of the Constitution. Need I refer to the fact, that in the year 1814, the State banks suspended? Need I refer to the disastrous and deplorable condition of things which followed that suspension? I will leave it to those who hear and may read me, to take a retrospective view of those gloomy times. Need I refer to the year 1819, when they suspended specie payment? Or, sir, need I advert to the year 1837, when a similar event took place? Need I advert to the partial suspension in the year 1838? Pennsylvania, and the banks South and West of her, suspended; and it is a remarkable thing that they suspended in Pennsylvania the very day after the election. Why they held out so long, I shall not inquire. Now, we need not, for the purpose of the argument, claim that these suspensions were brought about wilfully by these corporations; but allow, if you please, that suspensions, in a great measure, the results of the laws of trade and commerce, over which they could have no control. Still, in every aspect, I say that it is unnecessary, inexpedient, and improper, in a Government like this, to trust its money, without which it cannot perform its functions, to these institutions, liable as they are, from different causes, to be rendered unable to pay. The better plan is that here suggested, to keep the public money always safe, and ready for use.

There is another very excellent feature in this bill, to which I will advert for a moment. The eleventh section requires the money to be deposited, not in the name of the collectors, as heretofore, but in the name of the Treasurer, no matter who he may be—A, B, or C. He is an officer known to the law and the Constitution. You will, then, after this bill shall have passed, not see in your great city of New York and other places, millions of money held in the name of an individual, and over which he has control, and upon which he can draw and cash, as he pleases; but it will be independent, and to carry on its operation, without the slightest dependence upon, or connection with, the United States.
Again: Examinations of the books of accounts are to be made, and of the moneys on hand; and special agents are to be appointed for that purpose. This examination may be monthly, or weekly, or daily. It may be made as often as the Secretary of the Treasury, acting under the advice and upon the suggestion of those connected with the Government may require. Is this not a great improvement in the present laws? The United States Bank of Pennsylvania is required by law to make monthly returns to the Auditor General of the State. That is, to be sure, a great improvement on the old system; but under this bill, the depositsaries of the public money are obliged to submit their accounts, and even the money itself, to be overlooked and counted by these special agents, as often as the agency, or the Secretary of the Treasury himself, may think proper. This, I say, is a great improvement. How is the fact with the banks? There the money is counted, probably once in three or six months. A committee appointed by the board repair to the cashier's room and count the money, and see what amount is there; or, as more generally, the case, they take the word of the tellers and cashier. It may be said, on the same principle, that the special agents will take the word of these officers. It may be so; if it is, it will be because they have especial confidence in the officers. But I take it that, in view of the requirements of this bill, the head of the Treasury Department will feel it incumbent upon him to require a careful inspection and examination of the money itself, so as to see whether the hard dollars are there or not.

Another very good feature of the bill is that contained in the 17th section, by which it is declared that the using, investing, or loaning the public money, shall be deemed a felony, and that any officer or agent, of the United States, and all persons advising or participating in such act, being convicted thereof before any court of the United States, of competent jurisdiction, shall be sentenced to imprisonment for a term not less than six months, nor more than five years, and to a fine equal to the amount of the money embezzled. Now, though it may appear to many of you, that no punishment of a public officer for a breach of trust is sufficient to prevent its occurrence, or to effect a reformation of the man, I do not think it is so; if it is, it will be because they have especial confidence in the officers. But I take it that, in view of the requirements of this bill, the head of the Treasury Department will feel it incumbent upon him to require a careful inspection and examination of the money itself, so as to see whether the hard dollars are there or not.

The President, in his last annual message, says: "From the best estimates, we may safely fix the amount of specie in the country at eighty-five million dollars, and the portion of that which would be employed at any one time, in the receipts and disbursements of the Government, if the proposed change were made at once, would not, it is now, after fuller investigation, believed, exceed four or five millions."

Now the President says, that the highest amount of specie in the country will be $83,000,000. Well, even upon the supposition that the system proposed by this bill would go into operation that very day, only four or five millions of this amount would be required to carry out its purposes. But it is not proposed, as I have shown, that the bill shall go into full operation at once. It is proposed that only one fourth of the amount of the revenue shall be collected in gold and silver, and be placed in deposit. The change is to be gradual; and in that it should be found to result from it, Congress, which, with a spirit of patriotism, is at all times looking to the interests of the people, will amend the bill in any particular in which amendment may be required. If the change were sudden, and not gradual, gentlemen might probably with much force and propriety object to the bill; but, being gradual, the effect on the currency will be mild and salutary. It may be said that the business of the country, as it increases, year after year, will continue to require more and more specie for the collection of the revenue. Will not the gold and silver of the country also augment? Look at Mexico. Look at the provinces of New Spain, with which we are intimately associated. Look at the

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gold and silver coined there every year. According to evidence, they made in their mint silver coin in every year to the amount of fifty millions, and gold to the amount of fourteen millions of dollars; being a total of sixty-three millions of dollars. This was some time ago, and no doubt they now make it worth more. Of this gold and silver, large amounts are imported here. Is it probable that we shall not always have the means of being in possession of as much gold and silver as the country requires—and that the increase of the precious metals will not go, pari passu, with the amount required for the business of the country?

But my friend from Massachusetts, [Mr. Cushing] in speaking of this matter, and what he supposed would be its effect on the banks, used the strong and emphatic language, that it would unbank the banks. I should like to have heard that honorable gentleman explain how it was, that the use of four or five millions of dollars of specie in the collection of the public revenue, was to unbank the banks. There are in the country about one thousand banks; some of them are sound, some unsound. So far as the unsound or rotten banks are concerned—so far as banks, whose stockholders would not agree to be liable for the debts of the institution, but who have been willing to speculate upon the country, and would, all the money they could—so far, I say, as banks of such a description may be affected, the operation of this section will be, either to restrain them within proper limits, or to compel them to wind up.

But, so far as the sound banks are concerned—banks whose affairs are managed in accordance with the principles of their charters—which have not let out too much paper, and have always kept on hand a fair proportion of specie, the operation of this section must necessarily be mild and salutary. Its only operation would be to restrain them from the issue of an improper amount of paper. Every man knows that the perpetual tendency of these institutions is to issue too much paper. In my own State I have known a bank chartered with an amount of capital paid in of, say, one hundred thousand and dollars, which had near six hundred thousand dollars in circulation. It lived upon the mere breath of credit; and if a word of doubt, as to the soundness of its credit, had been uttered in any respectable quarter, it must necessarily have fallen. I say, then, that this mode of collecting the public revenue, even after the provisions of the nineteenth section shall have completely into operation, will not affect the honest banks in any manner so injuriously as to prevent them from making fully as much as they ought to make.

I might enter into other illustrations to prove the superior relative advantages which this Independent Treasury system possesses over the State Bank deposit system. It appears from a report of the Secretary of the Treasury, that the losses sustained in the collection of the revenue, from customs and public lands, in consequence of the defalcations of public officers and receivers, are much less in amount than the losses sustained by the banks. From the year 1789 to the year 1837, the amounts received by receivers of public lands, offices, were $107,000,000; making a total of one billion and fifty-three millions of dollars. From the year 1789 there, it has been the practice of the Government to trust their public money in the hands of public agents. Afterwards, to be sure, this money was transferred at one time to the State banks, and, at another time, to the Bank of the United States, and always, down to the year 1837, either to the one or the other. But I refer to these facts, merely for the purpose of showing that in the principle of trusting the public money to the hands of public agents, there is nothing novel. In the year 1837, when a universal suspension of specie payments took place, the State banks had in their vaults $32,000,000 of the public money, and such was the condition into which their affairs were thrown by that suspension, that the Government was obliged to pay its creditors with this bank paper at a discount of at least ten per cent, thereby producing a loss to the States and to the public creditors of something like two and a half millions of dollars. I say to the States, because, under the deposit act of 1836, the States received this money from the banks. And I will recollect that, when the State of Pennsylvania came to receive its portion of the public plunder, or, as it was commonly called, the surplus, there was a contest among the banks who should have it on deposit. The Legislature was entreated to put it in one place and in another; and the then deposit banks could not have it removed because it was alleged it would destroy the business of that portion of the country in which they were located; and that every thing would go wrong. The surplus was withdrawn from the banks, in pursuance of the law, and no doubt it had a great effect upon stock. I will not, however, enter into any further comparison between this independent Treasury and the State bank system; but I will inquire whether a United States Bank would answer the necessary purposes? And here I call the attention of my friend from Kentucky, [Mr. Pope.] He offered, on the 9th of March last, in his place here, a resolution, to which I have before incidentally adverted, suggesting a plan which, if carried out into the form of a bill, would, without any doubt, amount to a scheme, so fatal to that of the Independent Treasury, and to the real favorers of the Opposition party. This resolution provided: "That it is necessary and proper to establish a National Bank, with a capital of seventy millions of dollars, to aid the fiscal operations of the Government."

He sets out with the principle that it is necessary and proper to establish a National Bank; and he then goes on to define the purposes for which it shall be established.

Mr. L. proceeded to read the resolution, and observed that, among the most prominent objects of this great National Bank, as indicated in the honorable gentleman's resolve, is this: "It is to restore the existing disorder in the currency, and to secure to the nation stable and uniform standards of value, by excluding a spurious and ruinous paper currency from circulation, and to prepare, in part, the pecuniary means of war." Now, sir, what has past experience shown in regard to
capacity of such an institution, to accomplish these
objectives? Did the country find the late Bank of
the United States to answer any such ends? Has the
present United States Bank of Pennsylvania attained
any such purpose? Has it secured to the
nation an uniform standard of value, and prevented
the circulation of a miserable and useless paper
currency? No, it has not. Has it maintained itself in a condition to afford the country the peculiar means of war? Could it have aided the
Government, in the event we had had war with
England, on account of the Maine border question?
No, Mr. Chairman, you forget this charter of
organization, with all its capital, and all its boasted juggle
of hard dollars in its vaults, a suspended bank, refusing to redeem its promises to pay, and even issuing post notes.

He proposes that ten millions of the capital
shall be reserved for the United States, that at least
one-half of the residue of the capital shall be allotted
to the States, and divided among them, according
to their representation in Congress; and that the balance of the capital shall be taken by
American corporations and citizens, under proper
rules and restrictions. I am pleased, at all events,
to find that my friend has excluded foreigners, and
that he confines the stock to American citizens

But look at this proposition for a moment. It is

It has been objected to it, that it will have the
tendency to introduce an exclusively metallic cur-
rency, and to destroy the credit of the banks. Now
to my mind, I do believe that such will be the
results, nor do I believe that the friends of the
measure desire that such should be the results.
I look upon this as an argument made rather for
effect than for anything else. To my recollection,
I have never heard it used by any gentlemen on this
floor, nor do I suppose I shall; but still we know
that this objection has been raised elsewhere.
It certainly is not the design of those who support
this bill that such results should follow. In the year
1833, when the party in Pennsylvania, (if I may
use the phrase,) met by their representatives in
convention at Harrisburg, they took especial care
to disclaim any such notion, and they treated with
a becoming feeling of indignation any act that
might be made to impede them the advocacy of
such a doctrine as that of the introduction of a
currency exclusively metallic. Let me say that
the pecuniary business of your Government; the
receipts and disbursements of the public revenue,
constitute only a small portion of the money received and paid out through this country—look
at your commerce—look at your manufactures—look
at your import and exporting trade—look at your manufactures of various sorts, and you will find that the
amount required for the operations of the Govern-
ment will be a small sum in comparison with the
millions and tens of millions paid out and re-
ceived in the business operations of the country.

The convention to which I have referred, issued an
address, from which I will take the liberty to
read a few broad extracts. I say:

"The aristocracy are well aware, that they cannot successfully contend, in a fair and honorable warfare, with a party which is
essentially popular, and which must be eventually preeminent. For this reason, they apply to the Democracy, epithets which honorable men despise, and impute to them principles never entertained by the party, and which every Democrat disavows. By the adoption of this plan the Democratic party, if it be to keep its ground in the public mind, that it is the intention of the Democratic party to

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ceived in the business operations of the country.
Mr. L. continued: It will be recollected that these banks are under the influence of their own States, and it is not the design of this measure to interfere injuriously with them. But if it is to have any effect at all, it is to induce the banks to discount and issue paper on the real basis on which they profess to issue it; that is to say, gold and silver, and in this connection I beg to read a passage from the message of the President:

"In a country so commercial as ours, banks, in some form, will probably always exist; but this serves only to render more incumbent on us, notwithstanding the discouragement which we, in our respective stations, are to give the evil when it comes to us, as rapidly as the obligations of public faith, and a careful consideration of the immediate interests of the community will permit, the unprincipled character of monopolies; to check, so far as may be practicable, the insatiable appetite for interest, and the opportunities for their dangerous influence which beset them on every side, and to confine them strictly to the performance of their paramount duty, that of aiding the operation of commerce, rather than consulting their own exclusive advantage."

Mr. L. continued: Another objection raised against this bill is, that it contemplates a currency for the people and another for the Government. I would not have referred to this objection if it had not been introduced in a very able report made by my colleague [Mr. Sergeant] in the year 1838, and which was sent forth together with another report on the same subject made in behalf of the majority of the Committee of Ways and Means by its then chairman [Mr. Cass] it may be dullness on my part, but I cannot see wherein the force of this objection lies. One currency for the Government and another for the people! How is this? How can you separate the Government from the people? How can you separate the currency, which you use for your public business, in receiving and paying out the public revenue, from the business affairs of the people? Members of Congress receive their money in gold and silver. Do not pay it out to the people of the District every day of the week; and does it not enter into the circulation of the District? Do we not pay it out in the regular course of business? I cannot see how this argument is supported; I cannot see how gentlemen make out that the people are to have one currency, and the Government another; because the business of the Government, and the business of the people ramifies into, and is intimately blended with, each other.

I beg leave here to advert to a letter which I happened to pick up yesterday, written by the late General Jackson, Jr., to a letter addressed to him by a committee of the Ohio Legislature. I regard the sentiments contained in this letter as those of one speaking as a man whose life and services have been devoted to his country—who has served her in peace and in war—who has twice been called to preside over her councils, and who, in his old age, has sought that retirement most congenial to his feelings and wishes. He holds the following language:

"It is particularly gratifying to me, gentlemen, to be assured by your Legislature that the grounds on which the request of the money power are regarded with favor by the people of Ohio. The dangers of that power are now more evident; because they are brought closer to the observation and business stations of all men. In my judgment the only cloud in our political horizon is in other aspects the influence adverse to the genius of our constitution, which seems to have tended to the demands of the case, and such doubt not, will be the case with those wielded by the money power as soon as the public voice has another opportunity of having its way on the subject; for to persevere a little longer, maintaining the doctrines of the Constitution and the suggestions of common sense We are those who our faith is who would the Constitution into Congress no power to charter a bank, and we cannot err, therefore, in saying that our Government had never departed from its principles, which would have had the weight of the people with the constitution on which they rest, and which would have been received according to the expectations of all. But if, instead of the public voice imposing its will in consequence of bank suspensions, and an irrepressible paper currency. We know that the Government deposited the money of the people with banks, those institutions would have no power to endanger the safety of the public treasure, or to induce, improperly questions of public policy. We know that banks do not make money, but only distribute their paper notes, which must be good or bad according to their capacity to redeem them with specie; and hence that there can be no confidence in them as long as they maintain the right to make paper speculative payments at pleasure.

"From such truths, it appears to me to be self-evident, that there is now no need for the people but in the adoption of the Independent Treasury, recommended by the present administration. The Government is to be independent of the banks, and the operations of the Treasury will be simplified, and the people will have the strongest guarantee that the money which is raised from the taxation will be applied according to the Constitution of the country. This is a reform in our financial system. Congress would at the same time, pass a general bankruptcy law, by which the banks which are now in existence, or may be hereafter chartered by the States, would be bound. I think an equitable distribution of their effects to their creditors what they are due to redeem their notes with specie, cannot be made that there would be an end to the evils of a depreciated paper currency. These measures being adopted, but little time would be requisite to enable those banking institutions which are intended to redeem the public confidences, and the labor of the country, the arming, manufacturing, and mercantile interests, would soon revive—that credit system which is national in system, by which with the labor and enterprise of the citizens, would be enlarged, not diminished by the operation of these measures."

Mr. L. continued. Mr. Chairman, in the remarks which I have made on this measure, I have endeavored to be as practical as possible. I cannot see in it any thing of the dangerous tendency, and the ruinous and destructive properties, which gentlemen of the Opposition attribute to it; but I do see in it a proposition and a means by which this Government can place itself in a condition where it may have its own money in its own hands, and by which, in case of war or emergency,
It may cease to be dependent upon banking institutions. Congress has power to declare war, to appropriate money, and to do many other acts; yet we have seen that we are dependent upon the creatures of State legislation, and upon the creatures of our own raising, for the very money which we thus appropriate, even when needed in time of war. Congress has the honor, the dignity, the fame, and the glory of the country in its hands. How can they be maintained without money? If I were now talking to plain men, I should say, is it not better to have your own money in your own desk, or even in your own old stocking, that it may be within reach when you want it, rather than to loan it to your neighbor, that he may speculate upon it?

This, sir, is the National Independent Treasury. I have done.