

# **SPEECH**

**OF**

**MR. LEET OF PENNSYLVANIA,**

**ON**

**THE INDEPENDENT TREASURY BILL;**

**DELIVERED**

**IN COMMITTEE OF THE WHOLE.**

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**IN THE HOUSE OF REPRESENTATIVES, JUNE 2, 1840**

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**1840.**



# SPEECH.

*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—for 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 influence 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 us 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 moneys, 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 deposit 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, not 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 specie payments by the banks; but the President nobly and manfully looked danger in the face, and discharged his duty in a mild, 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 been, on two previous occasions, repudiated by the people; and the next resort to which the country betook itself, the State bank deposit 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 a high gratification to know, by long experience, that we act for a people, to whom the truth, however unpromising, can always be spoken with safety, for the trial of whose patriotism no emergency is too severe, and who are sure never to desert a public functionary, honestly laboring for the public good."

Now (continued 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 Presi-

dent 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 encountered great opposition; and my honorable friend from Massachusetts [Mr. CUSHING] 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. ATHERTON] 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 that there are other measures, not so immediately interesting just now, which may be considered as disjunctive. The paternity 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 the 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, said 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. I say no 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 there is associated with it an enthusiasm, a true greatness and brilliancy, which cause the bosom of every man who is an American citi-

zen to swell with emotions of pride, which cause him to rejoice that he is an American citizen, and that he lives in the enjoyment of all those blessings which the talent, the wisdom, and the bravery of that great and incomparable patriot left as a legacy to this country.

But, Mr. Chairman, notwithstanding all this opposition; notwithstanding the political press, as it actuated by one common impulse, from Maine to Georgia, from East to West, has joined in anathemas against this bill; notwithstanding that, in some parts of the country, (and I mean no particular allusion to gentlemen on this floor,) it has been opposed without examination, and condemned without argument, simply because of the source from whence it emanated, simply because it was a Van Buren measure, and not because of any demerits of its own; yet when subjected to, the "sober second thought," when it underwent the proper scrutiny which ought to be bestowed upon every public measure by an intelligent people like ours, it gained friends; and the result is, that in this, now the people's House, whether the measure be a good one or a bad one, it so happens, I believe that it has more friends and advocates than opponents.

But, sir, what is the bill? I wish to be as practical as possible in my remarks. What is the measure, and what are its provisions? Let us inquire whether there is any thing about them so frightful and disastrous as some gentlemen wish the country to believe.

In the first place, it is provided by the first section of the bill, that the public moneys shall be kept in safe and secure fire-proof vaults and safes, in a building to be erected in this city to be called the Treasury of the United States; and that the money which goes into the hands of the Treasurer according to law, can only be taken out according to law; this money, when it goes into the Treasury, is to be secured not only by these fire-proof vaults, which all banks use for purposes of security, but is to be surrounded by all those checks and guards of a moral nature, so to speak, which the framers of the bill could devise; and if additional checks can be suggested, even by the Opposition, no doubt they will be embraced.

The second, third, and fourth sections of the bill provide for the keeping of the public money at different points, namely, at Philadelphia, New Orleans, New York, Boston, Charleston, and St. Louis. These are the six prominent commercial points of the Union. Now, in connection with this subject, and before I go further into detail, allow me to say that it has been ascertained, as the report of the Secretary of the Treasury shows, that this method of having the public money kept by public agents—by individuals acting as fiscal agents of the Government, has nothing novel in it, because the same custom has obtained, in many other countries, for years past; and, according to the report of the Secretary of the Treasury which I have before mentioned, in twenty-two out of twenty-seven foreign Governments, the public moneys are kept in the charge of public officers. That is a fact stated by the President in his message, and has been ascertained, as the President says, to his entire satisfaction, by

the different 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 sinews 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 must, 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 largest 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 stationed 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 here is required in the former case every security that is ever 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 suits at law, it often turns out that neither the cashiers nor the securities are worth any thing. 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 they 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 this 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, safekeeping, transfer, and disbursement, 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 comprehensive words, "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, so as 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 to 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 understandings, 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. P. P.] would *now* exclude; and I here assert that all the difficulties which we have had in Pennsylvania, in relation to our improvements, and almost every thing else, may be attributed to the passage of that bill. It aroused a spirit of profligacy and speculation amongst us, and men almost went mad in regard to appropriations. Gentlemen could scarcely talk of any thing 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 itself really is.

This 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, who had no sympathy with us or our institutions, 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 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 so long that 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 hereafter 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 that 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 offence, 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-defence. 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-defence—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 ever-

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 proneness 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 who 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. McCULLOUGH.] 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 very 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 every body 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 described. When trade is prosperous, and prices are high, the currency of the country will bear some addition to be made to it without being thereby depreciated. Each bank will struggle that this addition shall proceed from its own issues; and for this purpose will discount more paper upon more liberal terms than before. From this conduct of the banks, trade will receive an additional, an unnatural, but a temporary impetus. Manufacturers and merchants will make and import a larger quantity of goods, for which they anticipate a speedy sale upon credit, at the same time purchasers are more ready to give bills, as they are confident that, when the bills come to maturity, they can easily procure money to pay them from the banks. While this state of things continues, all is prosperous, and the banks in particular make large profits from the quantity of bills which they discount. The circulation is full to overflowing; but the exchanges gradually turn and become adverse; the stock of gold in the banker's hands rapidly diminishes. Every bank is obliged to contract its discounts often very abruptly, and is happy, if by such a course it can avert the impending ruin. But this conduct, although it may save the banks, is necessarily followed by a paralysis of trade, and general public distress. Those who expected with confidence to fulfil their engagements by getting their bills discounted, are disappointed, and are either reduced to insolvency, or obliged, at great loss, to force an immediate sale of their goods, in a dull and overstocked market. The public, scarcely able to fulfil their existing engagements, are unwilling to enter upon new ones. Most people then discover that, during the excitement, they purchased a greater quantity of goods than they can either dispose of, or afford to keep on hand. Money becomes every day more scarce, and goods fall in value with still greater rapidity. The depression of trade makes that amount of currency redundant, which, in ordinary times, would not be more than sufficient to conduct the exchanges of the community. The demand for gold, therefore, continues for exportation; some of the worst conducted banks are unable to withstand the pressure; they stop payment, then a public panic arises, and gold is demanded for hoarding as well as exportation. To this latter demand there is no limit. The demand for gold for exportation ceases as soon as the currency is sufficiently contracted, for the exchanges must then turn; but the demand for gold, for hoarding, proceeds with augmented rapidity. It is like an epidemic. One man runs to the bank for gold, because he sees his neighbor do the same, and this demand may continue as long as a bank note remains in the hands of the public. It is like the plague, or any other infectious disease, which may cease of itself, although no human power can arrest its progress. In this general calamity the poorest are overwhelmed; the wealthy alone survive the shock. After a few months, trade recommences, and is conducted for some time with considerable caution; confidence gradually survives; the banks increase their issues; trade becomes more lively; and then the former events occur in the same order as before; and as long as rival banks are permitted to make paper money, there will be a perpetual vicissitude of trade in nearly the following order:

Caution, Confidence, Liveliness, Overtrading, Great apparent Prosperity, Sudden Cessation, Paralysis, Distrust, Panic, Bankruptcy."

Mr. L. continued. In bringing forward these opinions, I do not desire to be understood as contending that the banks ought not to issue notes. I do not intend to say that they ought to exist only as banks of deposit; but I think that their notes should be of a larger denomination than those which, up to this time, have been permitted by the laws of the country to be issued.

[Mr. MORGAN rose to inquire what the gentleman from Pennsylvania [Mr. LEET] thought should be the lowest denomination.]

Mr. LEET. In reply to the gentleman, I will say that, at present, I would prevent any bank from issuing a note under ten dollars; and, when I had the honor of a seat in the Senate of my own State, I offered a proposition of that kind. But, if the gentleman from New York [Mr. MORGAN] will do me the favor to listen to what I have to say, he will see that, whenever a certain state of things can be brought about—not by a sudden movement, but by a regular, progressive improvement in the condition of these institutions—I would go higher

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 run, 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, and if 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 venerable men who framed it, designed this Government, so far as the power existed to make it so by that instrument, to be independent, and to carry on its operations 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 deposit 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 imploring their Legislatures to be merciful towards them. These banks, be it remembered, have a great deal of power, far too much, and too often accomplish their purposes; and if you adopt that system, it is manifest 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 payments? Or, sir, need I advert to the year 1837, when a similar event took place? Need I refer especially to the year 1837, when the banks suspended in New York, in Philadelphia, in Baltimore, and all through the South and West, when the explosions of these corporations came upon the people like successive claps of thunder? Need I refer 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 the suspensions were, 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 check as he pleases; but it will be deposited in the name of the Treasurer of 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 just 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 not this a great improvement? 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 depositaries 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 agents, 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 is 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 requisitions 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 convey an imputation of frailty upon human nature, that a law of this kind should be required in relation to men who are to be trusted with duties so high, yet no honest man can object to it; and if a dishonest man should happen to get into office, this is the very law which is wanted for him. It is a principle, as old as civilization itself, that punishment for the violation of law, or for neglect of duty—for crime, either of commission or omission—has a great, controlling, moral influence. It is certain that, by a provision of this kind, men are more likely to be prevented from yielding to temptation. If men of dishonest principles should chance to be elevated to these offices, will they not be deterred from indulging their propensities by this provision? What is the fact now? This thing of using the public money for personal purposes is a mere breach of trust, and subjects a man simply to a civil action, which he can come forward and defend; and in reference to which he may declare every thing that any honest man might, according to the rules and practice of courts, do, if suit were brought against him for a sum of money which

he might not be able to pay, or which ought not to be paid. He may have all the advantages and facilities of a civil suit, and there is nothing like odium or reproach attaching itself to him. In this view of the case, this is a very important provision in the bill.

I come now to the nineteenth section, which of all others, is probably the most important, because, so far as the business of the country, which has been so much talked of, is concerned, this section it is alleged will likely exercise more influence than any other in the bill. It will, I think, have a beneficial, not an injurious effect.

This section proposes that the revenue or income of the Government shall, in the course of a certain period of time, be collected in legal currency, in gold and silver. It does not propose that the revenue shall be collected at once; but it provides that, after the 30th day of June, 1840, one-fourth part of the revenue shall be collected in gold and silver; that after the 30th day of June, 1841, one other fourth shall be so collected; that after the 30th day of June, 1842, one other fourth shall be so collected; and that after the 30th day of June, 1843, the whole of the revenue shall be paid in gold and silver. So that it will be perceived, the receipts of the notes of sound specie paying banks, will not be done away with entirely, until the last of June, 1843. Now, this section has been most strenuously objected to—and, in some parts of the country, it has been represented and discussed in such a way as greatly to confuse and delude the public mind.

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 millions of 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 \$85,000,000. Well, even upon the supposition that the system proposed by this bill would go into operation this 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 in the first instance be collected in gold and silver, and be placed in deposit. The change is to be gradual; and if injury 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

gold and silver coined there every year. According to evidence, they made in their min's 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-four millions of dollars. This was some time ago, and no doubt they make more now. 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 measure, and what he supposed would be its effect on the banks, used the strong and emphatic language, that it "would un-bank the banks." I shou'd 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 "un-bank 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 make 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 dollars, which had near four 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 gone 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 collectors and held under their control, from duties, were \$946,000,000, and

the amounts received by receivers of public land offices, were \$107,000,000; making a total of one billion and fifty-three millions of dollars. From the year 1789 then, 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 well recollect that, when the State of Pennsylvania came to receive her 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, no doubt, amount to a scheme, antagonistical to that of the Independent Treasury, and to the real favorite scheme of the Opposition party. This resolution provides: "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 reform the existing disorder in the currency, and to secure to the nation a stable and uniform standard 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 the

capacity of such an institution, to accomplish these objects? 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 pecuniary 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, no. We behold that institution, with all its capital, and all its boasted jingle 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 certainly the most extraordinary one, for a fiscal agent of the United States, that I have yet seen. In saying this, I mean no disrespect to my friend. But here is a proposition for an immense bank, with a capital double the amount of that of the late United States Bank, connecting this General Government, which is to be one stockholder, with all the States, which are also to be stockholders; and thus you convert the Government, so far as its fiscal agencies are concerned, into one grand United States Bank. Suffer this scheme to be carried out, where would be the power of the people to resist such a vast combination? Let such a bank, with its seventy millions of capital, and shortly, perhaps, with double that amount, having its agencies and branches located in different parts of the country, and its friends scattered all over the earth—I say, let such a bank ever be established, and men may then indeed talk of the power and influence of corporations; because such a concentration of money power would be truly dangerous, and in the lapse of time utterly irresistible.

The gentleman proposes, farther, that after five years, notes shall not be issued of a less denomination than ten dollars; and after ten years, not of a less denomination than twenty dollars. So far as that provision goes, it is well enough. Now if this is intended by him as an antagonistical scheme to the Independent Treasury bill, and if we are to look to the former as the better and wiser, and more beneficial measure, I must beg to say that it is not a measure to which I could yield my assent. I should consider it obnoxious to all the objections that ever existed against the United States Bank. I should consider it as virtually incorporating into your Constitution a principle that banks should give to the Government its currency.

I wish now, Mr. Chairman, briefly to notice one or two objections which have been urged against this bill.

It has been objected to it, that it will have the tendency to introduce an exclusively metallic currency, and to destroy the credit of the banks. Now for my own part, I do not 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 any thing 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 1838, 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 effort that might be made to impute to 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 merchandise scattered over the country—look at your importing and exporting trade—look at your manufactures of various sorts, and you will find that the amount required for the operations of the Government will be a small sum in comparison with the millions and tens of millions paid out and received 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 brief extracts. It says:

"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 predominant. 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. An impression is attempted to be made upon the public mind, that it is the intention of the Democratic party to destroy the credit system, to destroy all the banks—and to impose an exclusively metallic currency upon the people.—SUCH INTENTIONS, THE DEMOCRACY UTTERLY DISCLAIM. They recognise no principle which tends to interfere with the public prosperity and enterprise of the people, the rights of property, or the public faith. It is not the object or design of the Democratic party, to destroy any institutions, legally and honestly established for the general good, but to foster and protect them—NOT TO AGGRAVATE THE ONEROUS BURDENS OF THE PEOPLE, BY SWEEPING FROM EXISTENCE THE BANKING INSTITUTIONS, BUT TO EFFECT THAT SALUTARY REFORM NOW IMPERIOUSLY DEMANDED BY THE INTERESTS AS WELL OF THE BANKS AS THE PEOPLE. If the Democratic party were the destroyers, the agrarians and levellers, as their opponents affect to believe them to be, Pennsylvania could not now boast of the dense population, the immense wealth, the magnificent improvements, and the boundless resources, which have been nursed into maturity under Democratic Administrations for the last thirty years. During that time, the same principles were entertained by the Democratic party, that now are the same doctrines advocated and the same policy pursued, and Pennsylvania, UNDER THE BENIGN INFLUENCE OF THESE PRINCIPLES, DOCTRINES, AND POLICY, has arisen to such eminence and importance among her sisters of the Union, as to be justly entitled to the distinguished appellation of "The Keystone State."

This (continued Mr. L.) is the true doctrine of the Democratic party, so far as I have any knowledge on the subject.

I beg leave also to read an extract from an address issued by a committee of members of the Senate and House of Representatives of the Con-

gress of the United States, in July, 1838, which says:

"It is alleged that this measure is part of a scheme to force on the country a currency purely metallic. This is unfounded. A specie currency for the ordinary daily transactions of life and such a specie basis for paper as will always ensure its convertibility into specie, when required by the holders, is what is contended for, and such is the only tendency and real design of the measure proposed, so far as the banks are concerned. A purely metallic currency is no part of the Independent Treasury plan, as proposed by the Administration, and supported by its friends. In fine, with the exception of a very small number, who are in favor of depositing the public money specially in banks, the question at issue between us, and those who favor a deposit in the banks, may be stated thus: They wish to have the public money deposited in banks, not to be kept by them, but to be lent out for private uses. We are opposed to lending out the public money for private uses and, effectually to prevent it, are in favor of having it kept by public officers, under heavy bonds and securities not to use it, or suffer it to be used for any private purpose whatsoever and to pay it out only in pursuance of appropriations made by law, as prescribed in the Constitution."

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 upon 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 it the more incumbent on us, notwithstanding the discouragements of the past, to strive in our respective stations to mitigate the evils they produce—to take from them, as rapidly as the obligations of public faith, and a careful consideration of the immediate interests of the community will permit, the unjust character of monopolies; to check, so far as may be practicable, by prudent legislation, those temptations of interest, and those opportunities for their dangerous indulgence, which beset them on every side, and to confine them strictly to the perform use of their paramount duty, that of aiding the operations of commerce, rather than consulting their own exclusive advantage."

Mr. L. continued: Another objection raised against this bill is, that it contemplates one currency for the people and another for the Government. I would not have referred to this objection if it had not been introduced into 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. CAMBRELENG.] 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 they not pay it out to the people of the District every day or 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 ramify into, and are intimately blended with, each other.

I beg leave here to advert to a letter which happened to pick up yesterday, written by the venerable ex-President, General Jackson, in answer to a letter addressed to him by a committee of the Ohio Legislature. I regard the sentiments contained in his letter as those of one speaking, as I were, from the dead. He cannot be supposed to have any personal interest in these great measures which now agitate the country—I mean any interest beyond that natural to 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 I rested my opposition to the encroachments of the money power are regarded with favor by the people of Ohio. The dangers of that power, now more evident, because they are brought closer to the observation and business concerns of all classes of our citizens, form in my judgment the only cloud in our political horizon. In all other aspects the influences adverse to the genius of our institutions seem to have yielded to the demands of the people, and such I doubt not, will be the case with those wielded by the money power as soon as the public voice has another opportunity of acting upon them. All that we have to do on this subject is to persevere a little longer, maintaining the doctrines of the Constitution and the suggestions of common sense. We know that our fathers who framed the Constitution gave to Congress no power to charter a bank, and we cannot err, therefore, in saying that if our Government had never departed from that example, we would have had none of the evils which now afflict us in consequence of bank suspensions, and an irredeemable paper currency. We know that if the Government deposited none of the money of the people with banks, these institutions would have no power to endanger the safety of the public treasury, or to influence, improperly, questions of public policy. We know that banks do not make money, but only circulate their paper emissions, 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 suspend specie payments at pleasure.

"From such truths, it appears to me to be self-evident, that there is now no relief for the people but in the adoption of the Independent Treasury, recommended by the present administration of the General Government. By this plan, the financial operations of the Treasury will be simplified, and the people will have the strongest guarantee that the money which is raised from them by taxation will be applied according to the requirements of the Constitution. If, in addition to this reform in our financial system, Congress would, at the same time, pass a general bankrupt law, by which the banks which are now in existence, or may be hereafter chartered by the States, would be bound to make an equitable distribution of their effects to their creditors when they refuse to redeem their notes with specie, it cannot be doubted 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 so used to regain the public confidence; and the labor of the country, the arming, manufacturing, and mechanic interests, would soon revive—that credit system which is based on real capital, and which goes hand in hand with the labor and enterprise of our 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.