

REMARKS

OF

MESSRS. BUCHANAN, KING AND BROWN,

IN REPLY TO

MESSRS. DAVIS, PRESTON AND CLAY, OF KENTUCKY,

ON THE SUBJECT OF

THE CURRENCY.

SENATE U. S. MARCH 6, 1840.

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# DEBATE.

## THE CURRENCY.

### DEBATE IN THE SENATE, FRIDAY, March 6, 1840.

Mr. DAVIS having concluded his reply to Mr. BUCHANAN's charge of misrepresentation, Mr. BUCHANAN addressed the Senate as follows:

Mr. PRESIDENT: When I addressed the Senate on Tuesday last, I endeavored to state my cause of complaint in the mildest manner which the nature of the case admitted, and to treat the Senator from Massachusetts, [Mr. DAVIS,] so far as I could, with courtesy and respect. The remarks of that gentleman to-day have absolved me from any such obligation, and I shall proceed to refer to his misrepresentations of my speech in favor of the Independent Treasury bill as they deserve. At the same time, I shall endeavor to perform this duty in a manner consistent with my own self respect, and with the elevated character of the Senate.

The Senator, in his labored remarks, has endeavored to draw me into a false issue. In this attempt, he shall not succeed. I am not thus to be diverted from my purpose. Have I, or have I not, advanced the arguments which he has published to the world, that I urged in favor of the bill? This is the question at issue between us.

In regard to his speech against the Independent Treasury bill, I have never said (for I never shall say what I do not know to be true) that he did not make that speech in the Senate. The hour was late—the patience of the body was exhausted, and he left the seat near me which he usually occupies, and spoke from another part of the hall. He is, therefore, mistaken in stating that I sat near where he stood, whilst he was delivering his speech. Not having the least intention of replying to him, I was talking freely, when in my seat, to those around me, and was out of it a considerable portion of the time whilst he was speaking. I not only did not hear him utter any one of the misrepresentations of which I now complain; but I most solemnly declare that I never even suspected him for having given them currency in his speech, until my attention was called to it by a friend on Saturday evening last. This may have been culpable negligence on my part.

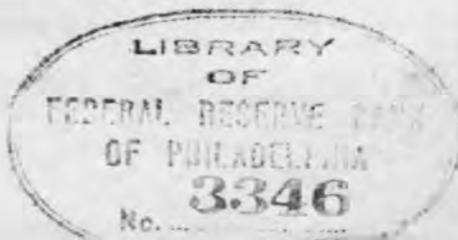
Whether or not, it has taught me the necessity of paying strict attention to that Senator's statements, should he ever reply to me hereafter.

But, sir, whether the speech delivered and the speech published be identical or not, this cannot vary the question. It remains precisely the same. Has the Senator attributed to me arguments in support of the bill which I never used? This is the point in controversy.

If the most artful and unfair man in the world had determined to destroy any public measure, in what manner could he most effectually damn it in public estimation? It would be to enumerate all the terrible consequences which would flow from it, according to the predictions of its enemies, and put them into the mouth of its friends as arguments in its favor. There could not by possibility be any stronger admissions of its evil tendency. Such is the manner in which I have been treated by the Senator, and such is the character of my complaint against him.

Sir, the enemies of the Independent Treasury have denounced it, from the beginning, as a measure which would destroy the banks of the country, introduce an exclusive metallic currency, prostrate credit, check importations, and reduce the value of property and the wages of labor. Now, I could not offer the least objection against any Senator in the Opposition for urging any arguments he pleased, to prove that the bill would be productive of all these fatal consequences. This would be all perfectly fair. What I do object to, is, that the Senator, instead of urging these arguments against the bill himself, has reiterated, over and over again, that I supported it, because these disastrous consequences would result from its passage. The Senator has placed me precisely in this position. If I can prevent it, he shall not escape from this plain question of fact by retreating into a wide field of irrelevant argument.

If this matter had been personal to myself alone, I might have borne it, and probably would have borne it, in silence. But, on the eve of a Presidential election, my sins are to be visited upon the present Administration, whose principles I support. The President is to be struck at through my side; and it is thus attempted to make the public believe that he also sustains the Independent Treasury bill.



because it will be productive of all the ruinous consequences which have been portrayed. This is the key to unlock the whole published speech of the Senator from Massachusetts.

In its first paragraph, he professes his intention of making "a brief reply to the new doctrines which have been now, for the first time, published here, and come to us through channels that leave no doubt of their being the doctrines of the Administration."

Now, Mr. President, what are these new doctrines which the Senator says involve "great and momentous considerations, affecting the most cherished interests of the people?" After heralding them in this imposing manner, he proceeds to announce them. Two friends of the Administration, says he, Mr. WALKER and myself, have declared that this bill—mark me—this very Independent Treasury bill "contains the necessary corrective [for the evils] imputable to the pernicious influence of bank paper, as it will check importations of foreign goods, suppress what they call the credit system, and by restoring a specie currency, reduce the wages of the laborer and the value of property."

"This is the character given to the measure by its friends; and, *alarming as the doctrines are*, I am gratified that they are frankly avowed."

Now, sir, should I not deserve a straight jacket; ought I not to be placed in confinement by my friends, if these imputations were well founded? What's more, to rise before this august body and to say, Mr. President, I support the Independent Treasury bill—first, because it will destroy the banks of the country, abolish all bank paper, and restore a specie currency; second, because it will check importations; third, because it will suppress the credit system; and fourth, because it will reduce the wages of the laborer and the value of property!!

And yet this is the ridiculous attitude in which I am placed by the Senator's speech. If these imputations were well founded, I must be one of the most ferocious men in existence. Destruction must be my delight. No wild agrarian in the country has ever thought of waging such an indiscriminate war against all property, my own among the rest, as that which has been attributed to me by the Senator.

Now, sir, need I say in the presence of this body, before which my speech was delivered, that I never used any such arguments? On the contrary, in my reply to the Senator from Kentucky, [Mr. CLAY,] I advanced no "new doctrines," but pursued the very same course of argument which I had adopted when this measure was first before the Senate in September, 1837. I was then convinced, and so declared in the most solemn manner, that this bill would not injuriously affect the sound and solvent banks of the country; and my reflections since have served to confirm this conviction. One of the points which I most strongly urged at that time, in answer to the objections of the enemies of the bill, was, that it would not operate with that severity upon the banks which they professed to apprehend. I alleged "that the cause was too impotent to produce any such effect," and "that its influence would scarcely be felt;" and I maintained these propositions in the course of my remarks. In my late speech, which has been the

subject of so much unfounded remark, I congratulated the country that "the prominent arguments formerly urged against the Independent Treasury bill had nearly all vanished away." Among others of this description, I expressed my astonishment, "that we had no homily from the Senator [Mr. CLAY] against the specie clause of the bill. Even this seems to have lost much of its terrors. It is no longer the terrific monster which was to devour all the banks, and establish a pure metallic currency for all the transactions of all the people of the United States."

And yet, in the very face of all this, the Senator, in his speech, has put into my mouth, as arguments in favor of the bill, and of course as consequences resulting from it which I desired, that it would destroy the banks, introduce a pure metallic currency, suppress credit, and reduce the wages of labor, and the price of property. Can he point to any portion of my speech in which I contended that this bill would produce these monstrous effects? If he himself had urged that it would, I say again, I could have made no objection. My cause of complaint is, that he has sent abroad the world his speech, and has by it placed me in the ridiculous attitude of not only admitting that all these objections to the bill are true, but of strenuously urging its passage for this very reason. This, I repeat, is the point of the controversy between us. In order to make good his charge, he must prove that I used any such arguments in favor of the bill—a task which no moral man can perform. I never thought or dreamed of any such arguments.

But the Senator proceeds to weave his web with much art. He says:

*I will now notice the effects upon the public policy imputed to this bill. We have always been told that it was a simple proposition to divorce the Government from the banks, so as to enable it to hold its own money, and, therefore, harmless in its character, as it would affect nothing else.*

*This was precisely the character which I gave of it throughout my late speech.*

But, sir, (says the gentleman from Massachusetts) the Senator from Pennsylvania, while he declares that he is not for an exclusive hard money currency, or, in other words, is not hostile to well regulated State banks, if they can be well regulated, as he expresses himself, *argues that this bill will diminish importations, suppress credit, and stop speculation, by modifying the currency, so far as to work out these extraordinary ends.*

And here permit me to observe, that the extreme candor of the Senator is worthy of all commendation. He seems to have been shocked at my destructive propensities. He was unwilling that the public should believe that even this bill was as bad as I had represented it to be. In order to apologize for my indiscretion, and to prevent the country from being too much alarmed at my arguments, he most kindly interposes.

I am by no means satisfied (says he) that it (the bill) is capable of producing all these consequences; but as such a power is imputed to it by its warmest friends, and those who are in the councils and confidence of the Administration, who bring it forward with this view and expectation, I shall, in this reply, confine myself to the positions assumed. That it will do the country no good, I have never doubted; but I have never allowed myself to believe that it can exert that influence upon its affairs which is ascribed to it.

Those in the councils and confidence of the Administration bring the bill forward and impute these terrible consequences to it; though the Senator himself recoils from the idea that it would produce such disastrous effect! I again repeat that this is

the issue between him and me. Did I ever impute any such consequences to the bill? That is the question.

The Senator next proceeds to comment separately in detail upon each of the arguments in favor of the bill which he has thus imputed to me, as though they had been leading points of my speech. After concluding this portion of his speech, he refers to the 3*d.* or 4*d.* per day which the laboring man in hard money Holland receives; and thus leaves it to be inferred, though he has not expressly asserted the proposition, that I desire to bring down the laboring man to the condition of the miserable serfs of Europe. The Senator has shown much ingenuity in this effort.

He then proceeds to his hypothetical case. Hypothetical I admit it to be in the first instance; but after stating it as such, he makes it real, by declaring that I had ascribed the power to the bill of producing the effect which he describes.

And here, sir, permit me to remark, that after the disclaimer which I understood him to have made on Tue-day last, in regard to this topic, I should have taken care in my reported speech to have suppressed every allusion to the subject which could have caused him pain. He has now disclaimed the disclaimer, and I shall act accordingly.

He says:

To follow out the case, I have supposed the income of every man, except the exporter, is to be reduced one-half in the value of wages and property, while all foreign merchandise will cost the same, which will obviously, in effect, double the price, as it will take twice the amount of labor, or twice the amount of the products of labor, to purchase it.

Thus far the case is suppositious; but the Senator, in plain English, makes it a reality against myself in the very next sentence.

"I do not ascribe," says he, "this power to the bill; but it is enough for me that its friends do." What power? What is the immediate antecedent? Is it not this power, ascribed by its friends to the bill, of reducing one half "the value of wages and property" in the country? But let us proceed a little further. In the next sentence he asks, "what response will the farmers, mechanics, manufacturers, and laborers, make to such a flagitious proposition?"

What is this flagitious proposition? Is it the Independent Treasury bill in itself? No, sir; no. The Senator throughout, with affected candor, expresses the opinion that this bill would produce no such fatal consequences as had been ascribed to it by its friends. No, sir; it is palpably an attempt on the part of the Senator to induce the public to believe that one of my arguments in favor of the bill was that it would reduce the value of wages and property one-half. He was pursuing the course which he had adopted throughout every previous part of his speech, still persisting in doing me the injury of putting arguments into my mouth which I had never uttered. Any plain man who reads his speech would place this construction upon it. After the Senator has done me all the mischief he could, in public estimation, it is now too late for him to say that he did not attribute this argument to me.

Sir, his speech is not a manly and open argument against the Independent Treasury bill. It is

a subtle and ingenious contrivance throughout, for the purpose of casting odium upon the Administration and its friends, by ascribing to them arguments which they never uttered, and sentiments which they have always disavowed.

It is an attempt to impose upon the public the belief that we support the bill, not because it will separate the banks from the Government, but because it will destroy the banks, introduce a pure metallic currency, suppress credit, and reduce the value of property and the wages of labor. The Senator has become the witness against us; and he cannot, and shall not, escape from the consequences of his own testimony.

A "flagitious proposition!" The highest English authority informs us that the meaning of the word "flagitious," is "peculiarly infamous;" and I shall leave the Senate and the world to determine whether this term may not be more appropriately applied to the Senator's misrepresentations of my remarks than to the Independent Treasury bill.

What a wonderful spectacle is presented in this speech of the Senator! From the first to the last, from the beginning to the end of my speech, I did not attribute to this bill one of the consequences which he has imputed me. With my settled convictions of the effect of the bill, I should have been the greatest dunce in Christendom thus to have causelessly alarmed the fears of the country. I never intimated that it would seriously injure, much less destroy, the State Banks. It never entered into my conception that it would introduce a pure metallic currency, or reduce the wages of labor, or destroy the credit system, or seriously affect the business of the country in any manner. I treated it throughout, as what the Senator informed us we had been uniformly told by its friends that it was, "a simple proposition to divorce the Government from the banks so as to enable it to keep its own money, and therefore, harmless in its character, as it would effect nothing else." Throughout my speech, it was one of my chief purposes in advocating the bill, as it had been in 1837, to allay the fears of the country, and to prove that it would produce none of these fearful effects.

I am happy to think that my efforts in this respect, have not proved wholly unavailing. I have good reason to believe that they have had some influence in disabusing the minds of honest men and relieving them from the apprehensions which they had formerly entertained on the subject. I pursued the very same course of argument I had done in September, 1837, when I first addressed the Senate on this bill. On that occasion, I said: "In this crisis all which the General Government can effect is, in the first place, to withhold its deposits from the banks, and thus refrain from contributing its funds to swell the torrent of wild speculation; and, in the second place, to restrain the extravagance of their credits and issues, in some small degree, by collecting and disbursing our revenue exclusively in specie, or in the notes of banks which will pay the balances due from them in specie, at short intervals. To accomplish these two purposes, as well as to render the public revenue more secure, are the objects of the bill and amendment now before the Senate." I never, for a single moment of my life, entertained the idea which the Senator has imputed

FEDERAL RESERVE BANK OF PHILADELPHIA

to me, that the bill would destroy the Banks, or even restrain their extravagance except "in some small degree." Was the imputation justified by any remarks in my late speech? That, I repeat again, is the question between the Senator and myself. In that speech, I declared that "our chief objects in adopting the Independent Treasury are, to disconnect the Government from all banks, to secure the people's money from the wreck of the banking system, and to have it always ready to promote the prospects of the country in peace and to defend it in war. Incidentally, however, it will do some good in checking the extravagant spirit of speculation, which is the bane of the country."

In the first place, by requiring specie in all receipts and expenditures of the Government, you will create an additional demand for gold and silver to the amount of five millions of dollars per annum, according to the estimate of the President. A large portion of this sum will be drawn from the banks, and this will compel them to keep more specie in their vaults, in proportion to their circulation and deposits, and to bank less. This, so far as it may go, will strike at the root of the existing evil. I fear, however, that it will prove to be but a very inadequate restraint upon excessive banking.

In the second place, this bill will, in some degree, diminish our imports, especially after June, 1842. I most heartily concur with the Senator in desiring this result. What is the condition of the importing business at the present moment? It is almost exclusively in the hands of British agents, who sell all the manufactures they can dispose of in other portions of the world, and then bring the residuum here to glut our markets. According to our existing laws, they receive a credit from the Government for the amount of its duties. They sell the goods for cash; and this credit becomes so much capital in their hands, to enable them to make fresh importations. The Independent Treasury bill requires that all duties shall be paid in gold and silver; and after June, 1842, the compromise law will take away the credits altogether. We shall then have a system of cash duties in operation, which will contribute much to reduce the amount of our importations, and to encourage domestic manufactures.

In the third place, this bill will make the banking interest the greatest economists in the country, so far as the Government is concerned. Their nerve of self interest will be touched in favor of economy, and this will induce them to unite with the people in reducing the revenue and expenditures of the Government to the lowest standard consistently with the public good. They will hereafter abhor a surplus revenue, as much as they delighted in it formerly, when they used it for banking purposes. Any surplus which may exist in future, will be locked up in gold and silver, in the vaults of our depositaries; and, in proportion to its amount, will deprive the banks of so much of their specie. They will, therefore, become the partisans of reducing the revenue to the actual and necessary expenditures of the Government, so that the specie may flow out of the Sub-Treasuries with a rapidity corresponding with its influx. Nothing but a large surplus can seriously injure the banks. This was demonstrated to me by one of the most distinguished financiers which our country has ever produced, not himself, I believe, friendly to the Independent Treasury. These Treasury drafts, in the natural course of business, will find their way either into the banks at the very points where our depositaries are situated, or into the hands of individuals there having duties to pay to the Government. Take, for example, New York. A public creditor receives such a draft on the receiver-general in payment of his debt. Will he carry it to New York, receive payment, and transport the specie from that city? Such instances will be rare. He will generally deposit it to his credit in the bank with which he transacts his business, wherever that may be. This bank, if not in New York, will transmit it for collection to one of the banks there; and thus these banks will draw the specie from our depository as rapidly as it is drawn from them for the payment of the public dues. Thus the equilibrium will be preserved, so long as the Government is without a large surplus. In other instances, these drafts will be sought after and procured by individuals having duties to pay, and they will be presented to the receivers-general, and accepted by them instead of gold and silver.

I have presented these extracts from my speech before the Senate, for the purpose of showing how absurd it was to have imputed to me the arguments in favor of the bill attributed to me by the Senator from Massachusetts. Instead of ascribing to this bill the power of destroying the banks,

and introducing a pure metallic currency, I declare that "I fear it will prove to be a very inadequate restraint upon excessive banking," and that it will not affect the banks at all, unless a large surplus of gold and silver should be locked up in the vaults of Sub-Treasurers—a case not likely soon to occur.

I have also stated that it would, in some degree, diminish our imports, especially after June, 1842, when the duties on imported goods must be paid in cash, and thus encourage our domestic manufactures. Is there a patriot—nay, is there a man in this country who does not consider this "a consummation devoutly to be wished?"

As I stated before, I ridiculed the idea that this bill would destroy the banks of the country, and substitute a pure metallic currency for bank paper. Instead of destroying the banks, I proved that it did not even contain any power of wholesome regulation; but for this purpose we must appeal to the State Legislatures. I also established the position, that neither a bank of the United States, nor the Bank of England—instruments of vastly greater power than the Independent Treasury—could, even if they possessed the inclination, restrain the excessive issues and credits of the banks of the respective countries.

Now, sir, I have presented to you the materials, and the only materials, from which the Senator from Massachusetts could have derived the charge against me, which is presented in different forms throughout the whole course of his speech; that I had argued that this bill would destroy the banks, restore a specie currency, reduce the wages of labor and the value of property one half, check importations, and suppress the credit system. I never attributed any one of these consequences to the bill. It is too impotent in its character to produce any such effects.

The Senator does not seem to perceive, that even if he could prove I was a hard money man, this would not, in the slightest degree, justify his statement of the nature of my argument. It is now too late for him to say, as he has done, that he did not consider it of any moment to investigate the degree of influence which the bill might have; but as I had admitted it would have some influence as a corrective, he had directed his reply to the general scope of my argument. Had his published speech corresponded with these sentiments, he and I should never have had this unpleasant controversy. What I complain of is, not that he drew unjust inferences from my argument; but that he imputed to me arguments which I never used: not that he declared that I had expressed the opinion that the bill would have some influence as a corrective, which I certainly did express, and clearly defined what, in my opinion, would be the extent of its influence; but that he put into my mouth, as arguments in favor of the bill, that it would destroy the banks, introduce a pure metallic currency, prostrate credit, and reduce the value of wages and property. My cause of complaint is not any deductions which he might have drawn, fairly or unfairly, from my speech; but it rests on the fact that he has attributed to me arguments in support of the bill which I never urged or thought of urging. He might himself have contended, he might, if he

could, have inferred from my speech that I was a hard money man, (though this would have been most unjust towards me,) and have drawn any deductions from this fact which he thought proper; but he had no right to make me say that the bill would establish a hard money currency.

Now, sir, the whole of the miserable attacks which have been made upon me are based alone on the presumption that I am an exclusive hard money man. On this question my opinions have never been disguised. Although wiser and better men than myself may be friendly to a pure metallic currency, yet when the subject was first broached in the Senate, I took a decided stand against it, which I have ever since maintained. In my speech of 1837, I used the following language:

It is impossible that manufactures and commerce can flourish to any great degree in this country without the aid of extensive credit. I would not, therefore, abolish banks if I could. A return to a pure metallic currency is impossible. To make such an attempt would be ruinous as well as absurd. It would at once diminish the value of all property more than fifty per cent.; and would, in effect, double the amount of every man's debts. It would enrich creditors at their expense of the debtors, and thus make the rich richer and the poor poorer. It would paralyze industry and enterprise. It would give enterprise wholesome food to feed upon; but would not drive it into mad speculation by administering unnatural stimulants.

This is the ground which I occupied when the question was first raised before the country. It is the ground which I have maintained ever since. I differ in this respect with my friend from Mississippi, who is now absent, and have had many arguments with him, in a kind spirit, to convince him that he was wrong in advocating a pure metallic currency. On his return, he will be no little astonished to learn that the Senator from Massachusetts has represented me, in the very speech which afforded the occasion of several of these friendly arguments, not only as a hard money man, but as having advocated the Independent Treasury bill, because it would put down the banks and introduce an exclusive hard money currency. The Senator from Mississippi, whatever may be his abstract opinions, never used any such arguments in favor of the bill. My sentiments upon the subject have been expressed fully and freely, both here and elsewhere, as often as the occasion offered. How any Senator could have misapprehended them, I am wholly at a loss to conjecture; especially after I had clearly and distinctly repeated them in my late speech. The published speech of the Senator from Massachusetts has placed me in a strange position. It was but the other day that a hard money journal of high character was sent to me from New York, which denounced me in strong terms for expressing, in my late speech, sentiments friendly to the continued existence of banks. A similar course has been pursued towards me by another paper of the same character, in Virginia. On the other hand, whilst I am thus attacked by the hard money men, the Senator makes his appearance, and asserts not only that I am a hard money man, but that I had urged the passage of the Independent Treasury bill, because it would convert the United States into a hard money country.

But whilst I am opposed to an exclusive metallic currency, I am equally hostile to that system of banking which has been the cause of those expansions and contractions of the paper currency which

have produced so much ruin and misery among all classes of society. This is the crying evil of our country. Would to Heaven, I had the power to correct it! What was my argument in relation to the subject? I shall read my remarks to the Senate, as they are short; and because I cannot now state them with as much clearness and force as I did on that occasion.

What has been the financial history of this country for the last twenty-five years? I can speak with positive knowledge upon this subject during the period of eighteen years since I first came into public life. It has been a history of constant vibration—of extravagant expansions in the business of the country, succeeded by ruinous contractions. At successive intervals, many of the best and most enterprising men of the country have been crushed. They have fallen victims at the shrine of the insatiate and insatiable spirit of extravagant banking and speculation. Starting at the extreme point of depression of one of these periods, we find that the country has been glutted with foreign merchandise, and it requires all our efforts to pay the debt thus contracted to foreign nations. At this crisis the banks can do nothing to relieve the people. In order to preserve their own existence, they are compelled to contract their loans and their issues. In the hour of distress, when their assistance is most needed, they can do nothing for their votaries. Every article sinks in price, men are unable to pay their debts, and wide-spread ruin pervades the land. During this first year of the cycle, we are able to import but comparatively little foreign merchandise, and this affords the country an opportunity of recruiting its exhausted energies. The next year the patient begins to recover. Domestic manufactures flourish in proportion as foreign goods become scarce. The industry and enterprise of our citizens have been exerted with energy, and our productions have liquidated the foreign debt. The third year, a fair business is done—the country presents a flourishing appearance. The banks, relieved from the drain of specie required for foreign export, begin once more to expand, and tempt the unwary to their ruin. Property of all descriptions commands a fair price. The fourth or the fifth year the era of extravagant banking and speculation returns, again to be succeeded by another ruinous revolution.

This was the history of the country, up till 1837. Since then we have travelled the road to ruin much more rapidly than in former years. Before that period, it had required from three to six years to get up an expansion, and its corresponding explosion. We have now witnessed the astounding fact that we can pass through all these changes, and even from one suspension of specie payments to another, in little more than two years.

Now, any person who has read my speech with candor, any person who heard it in a fair spirit, must have observed that it was exclusively my object to correct the excesses of the banking system, not to destroy the banks. I wished, by wise and wholesome State legislation, to reform it in such a manner as to secure to the people the benefits which may be derived from it without involving them in ruin by its periodical excesses. I desired to see a sound mixed currency established, so that the wages of labor, the value of property, and the prices of the necessaries and comforts of life, might have a fixed and permanent character, and not be liable to the perpetual fluctuations to which they are now at every moment exposed.

But the Senator seeks to involve me in inconsistency, and to prove that I am a hard money man, notwithstanding my repeated and solemn disavowals of this doctrine, and notwithstanding the admission in his speech, that I had declared I was not friendly to an exclusive hard money currency, nor hostile to well regulated State Banks. It is true that, in the very sentence in which he makes the admission, as well as throughout his speech, he nullifies its effects, and proceeds to argue as though it had never been made. What course does he pursue to accomplish this purpose?

Having ever been the friend of domestic manufactures, I endeavored to prove what I honestly believe to be the fact, that "the extravagant amount

of our circulating medium, consisting, in a great degree, of the notes thrown out upon the community by eight hundred banks, was injurious to our domestic manufactures. In other words, not that banking, but that extravagant banking and domestic manufactures are directly hostile to each other."

To establish this proposition, I referred to the well known principle of political economy, "that if you double the amount of the necessary circulating medium in any country, you thereby double the nominal price of every article. If, when the circulating medium is fifty millions, an article should cost one dollar, it would cost two, if without any increase of the uses of a circulating medium the quantity should be increased to one hundred millions."

In order to apply this principle to our condition, and place it in its most striking light before the country and the manufacturers, I took the United States, which is emphatically a paper money country, not at the present moment of depression, but at the extreme point of our periodical expansion, when every article commanded the highest price; and contrasted the condition of our manufactures at that point of time with those of Germany, which is emphatically a hard money country. I presented the two extremes, in order to make the contrast the more striking.

At particular stages of our expansion, (I said,) we might with justice apply the principle which I have stated, to our trade with those countries, and assert, that from the great redundancy of our currency, articles are manufactured in France and Germany for one half of their actual cost in this country. Let me present an example. In Germany, where the currency is purely metallic, and the cost of every thing is reduced to a hard money standard, a piece of broadcloth can be manufactured for fifty dollars; the manufacture of which, in our country, from the expansion of our paper currency, would cost one hundred dollars. What is the consequence? The foreign French or German manufacturer imports this cloth into our country and sells it for a hundred dollars. Does not every person perceive that the redundancy of our currency is equal to a premium of one hundred per cent. in favor of the foreign manufacturer? No tariff of protection, unless it amounted to prohibition, could counteract this advantage in favor of foreign manufactures. I would to Heaven that I could arouse the attention of every manufacturer of the nation to this important subject.

The foreign manufacturer will not receive our bank notes in payment. He will take nothing home except gold and silver, or bills of exchange, which are equivalent. He does not expend this money here, where he would be compelled to support his family, and to purchase his labor and materials at the same rate of prices which he receives for his manufactures. On the contrary, he goes home, purchases his labor, his wool, and all other articles which enter into his manufacture, at half their cost in this country; and again returns to inundate us with foreign woollens, and to ruin our domestic manufactures. I might cite many other examples, but this, I trust, will be sufficient to draw public attention to the subject. This depreciation of our currency is, therefore, equivalent to a direct protection granted to the foreign over the domestic manufacturer. It is impossible that our manufacturers should be able to sustain such an unequal competition.

But, sir, did I propose to convert this country into a hard money country in order to place it in the same condition with Germany and France in regard to domestic manufactures? Far, very far, from it. Such a change would violate all our fixed habits, and be opposed to the genius of our people. The case was presented not with this view; but for the purpose of exhibiting the injurious consequences arising to manufactures from the redundancy of our currency at the periods of our greatest expansions. We must trade with these countries, whether we will or not, and in order to place us in something like a position of equality with them, I

desired, if possible, to prevent these extravagant expansions by introducing such bank reforms as would secure to us such a stable mixed currency, which should not be perpetually fluctuating in amount. This was the whole tenor of my remarks from beginning to end.

At the commencement of the very next paragraph I use the following language: "Sir, I solemnly believe that if we could but reduce this inflated paper bubble to any thing like reasonable dimensions, New England would become the most prosperous manufacturing country that the sun ever shone upon." The same idea is conveyed throughout. It is the reduction of our inflated paper currency to reasonable dimensions, not the destruction of banks and bank paper, which I have uniformly advocated.

In my statement of the simple fact known to all men, that the foreign manufacturer goes home to his hard money country and purchases his labor and his materials at half what they cost here, at the moment when our currency is in a state of the greatest expansion, the Senator finds his justification for asserting that I desire to establish a hard money currency in this country, and to reduce the wages of labor and the value of property. But this is not all. Though the Independent Treasury bill was entirely lost sight of at this period of the discussion, and the only point involved was a general principle of political economy, having no reference whatever to that bill, he has had the hardihood to proclaim to the world, upon no other foundation than what I have stated, that I urged its passage because it would establish a hard money currency, and thus reduce the wages of labor and the value of property.

In 1837, I introduced the very same principle of political economy into the discussion, and in similar language presented the ruinous consequences which resulted to the manufacturing interest from the expansions and contractions of our paper currency. No Senator then misunderstood my argument. It was reserved for the Senator from Massachusetts, at this late day, entirely to pervert my meaning, and to endeavor to hold me up to the country as the avowed enemy of the poor laborer, and as the advocate of the Independent Treasury bill, because it would reduce his wages.

These periodical expansions and contractions of our currency seriously threaten to ruin our domestic manufactures. Unless they can be prevented, by some means or other, these manufactures must sink. When I express this opinion, I speak in the sincerity of my heart. Whether I am friendly to the cause of domestic industry or not, I leave for those to determine who have observed the whole course of my public life.

Our periodical crash is always preceded by a year of enormous importations. The reason is obvious. In proportion to the expansion of our currency, the prices of all articles rise; and from this enhancement of price, our country becomes the best market in the world for the sale of foreign manufactures. In the year 1839, our imports were greater, by forty-four millions of dollars, than they had been in 1838. This excessive importation, whilst it was the immediate cause of the ruinous revulsion in the business of the country, and of the

suspension of specie payments, left our markets flooded with foreign goods, to the great injury of our own manufactures. When the explosion came, manufacturers, merchants, mechanics, laborers, and all, fell under its blasting influence. It was my object to correct the excesses of the banking system which are productive of these injurious consequences, and not to destroy the banks. The gentleman, although he may take up detached sentences of my speech, and pervert their meaning, can never place any other construction upon the whole of it than such as I have stated.

To regulate—to restrain the banks within safe limits—to afford to the laboring man constant employment and regular wages—not to cause the wages of labor in one year to mount up with all other articles to an extravagant price, and then, by the revulsion in the succeeding year, to sink to almost nothing; these are the ideas which pervade my speech throughout. After our periodical explosions, the laborer undergoes calamities and sufferings much more severe than any other class of society. It was to correct this inevitable result, and thus to benefit the laborer, that I insisted upon bank reform. I declared that “an entire suppression of all bank notes of a lower denomination than the value of one week’s wages of the laboring man, is absolutely necessary for his protection. He ought always to receive his wages in gold and silver. Of all men on the earth, the laborer is most interested in having a sound and stable currency.”

Is there any gentleman of any party who will not unite with me in these sentiments? Ought we not to abolish all small notes, if this were in our power, of denominations lower than one week’s wages of labor? The history of the proceedings in this Senate on the currency bill, and on other bills, proves that a principle which would produce this effect was sanctioned by all and voted for by all.

To show that I expressed no opinion in favor of an exclusive metallic currency, but directly the reverse, permit me to refer to another paragraph of my speech.

But the Senator from Kentucky (Mr. CLAY) leaves no stone unturned. He says that the friends of the Independent Treasury desire to establish an exclusive metallic currency, as the medium of all dealings throughout the Union; and, also, to reduce the wages of the poor man’s labor, so that the rich employer may be able to sell his manufactures at a lower price. Now, sir, I deny the correctness of both these propositions; and, in the first place, I, for one, am not in favor of establishing an exclusive metallic currency for the people of this country. I desire to see the banks greatly reduced in number; and would, if I could, confine their accommodations to such loans or discounts, for limited periods, to the commercial, manufacturing, and trading classes of the community, as the ordinary course of their business might render necessary. I never wish to see farmers and mechanics and professional men tempted, by the facility of obtaining bank loans for long periods, to abandon their own proper and useful and respectable spheres, and rush into wild and extravagant speculation. I would, if I could, radically reform the present banking system, so as to confine it within such limits as to prevent future suspensions of specie payments; and without exception, I would instantly deprive each and every bank of its charter which should again suspend. Establish these or similar reforms, and give us a real specie basis for our paper circulation, by increasing the denomination of bank notes first to ten, and afterwards to twenty dollars, and I shall then be the friend, not the enemy, of banks. I know that the existence of banks, and the circulation of bank paper, are so identified with the habits of our people, that they cannot be abolished, even if this were desirable. To reform, and not to destroy, is my motto. To confine them to their appropriate business, and prevent them from ministering to the spirit of wild and reckless speculation, by extravagant loans and issues, is all which ought to be desired. But this I shall say. If ex-

perience should prove it to be impossible to enjoy the facilities which well regulated banks would afford, without, at the same time, continuing to suffer the evils which the wild excesses of the present banks have hitherto entailed upon the country, then I should consider it the lesser evil to abolish them altogether. If the State Legislatures shall now do their duty, I do not believe that it will ever become necessary to decide on such an alternative.

I declare that to reform, and not to destroy, the bank, is my motto. This was my language in 1837: it is my language now. The greatest enemies of these institutions are those who are unwilling to arrest them, by wise legislation, in their reckless and ruinous career, and thus prevent them from destroying themselves. There is no truth more certain than this: that if the influence of the banks should prevent the adoption of such legislation as will afford to the people the facilities which they have a right to demand from these institutions, without, at the same time, inflicting the evils which their wild excesses have hitherto entailed upon the country, they will finally be crushed by public opinion. This I should regret for many reasons, although it is possible that a much better banking system might arise from their ruins.

It is true that I expressed a serious doubt whether the present banking system would be wisely regulated by the States. I feel confident that this can never be effectually accomplished whilst nine hundred banks exist, pouring forth upon the country, at the periods of expansion, bank notes of all denominations from a dollar and upwards. You cannot have sound banks unless you reduce their number. Out of the large commercial cities, where banks transact their business much more by means of bank credits, deposits, and checks, than by the issue of notes, no bank can make money, and at the same time be safe, without an extended theatre for circulation. Country banks, whose circulation is limited to a circumference of a few miles in diameter, if they do a profitable business, must, from the very nature of things, force their paper upon the public to such an amount as to render them insecure. In the days of expansion, when speculation is raging, they may not be in immediate danger. When the reverse comes, and panic arises, the notes of such a bank may be all thrown upon it for redemption in a single day, or a single week. It can make no safe calculation of the extent to which it can maintain its circulation, as it could do if this circulation covered a large space of country. One of the greatest reforms of our banking system would, therefore, be greatly to reduce their number.

Now as to the wages of labor: I really thought it was impossible that I could have been misunderstood, until I read the speech of the Senator. In combating the remarks of the Senator from Kentucky, (Mr. CLAY,) I proved that what the laboring man ought, above all things, to desire, was, such a reform in our banking system as would afford him “constant employment and regular wages, paid in a sound currency.” It is ruinous to him for his wages to be rising with the kite of speculation one year, and the very next year to have them reduced to almost nothing, and even to be without employment altogether. He never benefits by extravagant speculation. It brings to him nothing but unmitigated evil, because the increased prices which he is obliged to pay for the necessaries and

comforts of life, counterbalance, and more than counterbalance, this advantage. What he desires is stability and regularity in the business of the country. He ought to be able to raise his family in peace and comfort, and to look forward to the next year for the same reward for his honest toil that he received the last. On this subject no anxious doubts ought to harass his mind. He ought to feel himself independent so long as it shall please the Almighty to give him health and strength to earn his bread by the sweat of his face, without being involved in those periodical crashes of the banking system, which are produced by extravagant expansions of the currency. Under the present system the laboring man cannot calculate what a day may bring forth. He receives high wages to-day and is starving for want of employment to-morrow. In illustrating these views, I most cheerfully admitted in my speech that "that country is most prosperous where labor commands the greatest reward; where one day's labor will procure not the greatest nominal amount of a depreciated currency, but most of the necessities and comforts of life." And I said that by correcting your bloated credit system in such a manner as to reduce "the amount of your bank issues within reasonable and safe limits, and establishing a metallic basis for your paper circulation," you would greatly benefit the laborer. He could then purchase more of the necessities and comforts of life for one dollar "than he could have done in the days of extravagant expansion for one dollar and a quarter." Besides, he would then enjoy the advantages which he never can do under the present system, "of constant employment and regular wages," without being "involved in ruin by a recurrence of those periodical expansions and contractions of the currency, which have hitherto convulsed the country." The last thing of which I ever dreamed, was to bring his wages down to the pure metallic standard. I wished to adopt that safe mixed currency which I so fully described in the course of my remarks, and which would be a blessing to manufacturers, merchants, mechanics, laborers, and all the people of the country, because it would produce certainty and stability in all the transactions of life.

It was the ardent desire of Henry the 4th, the great monarch of France, so to govern his country, that every laborer in his dominions might have a pullet in his pot on Sundays. In our own highly favored land, even at the period of the greatest expansion, the laboring man could not afford to regale himself and his family with a roast of beef. If his wages were high, the monopolists of this article, aided by the banks, raised the price of this necessary of life in a much greater proportion.

I repeat that the Senator might have argued as he pleased against the Independent Treasury bill, and this would have afforded me no cause of complaint. He might have inferred, from my argument, however unjustly, that I was friendly to a pure metallic currency, and I should not have complained before the Senate. But when he put into my mouth, as a leading argument in favor of the bill, that it would restore an exclusive metallic currency to the country, I felt myself obliged, by imperious necessity, to correct the misrepresentation, because it was doing me the most galling injustice.

I regret, exceedingly, that any thing of a personal character has grown out of this matter. It was the farthest thing imaginable either from my intention or my wishes. But when the Senator thought proper to treat my complaints with the scorn and contempt which he said they deserved, I believed it to be a duty which I owed to myself, to hurl back his defiance, and he may make the most of it.

Mr. PRESTON rose and congratulated the Senate and the country on the explanation just made by the Senator from Pennsylvania. He (Mr. P.) had understood his speech precisely as the Senator from Massachusetts [Mr. DAVIS] had, and he was highly gratified to find that he had entirely misapprehended him. The impression left on his mind by the remarks of the Senator from Pennsylvania, and the speeches of other prominent friends of the Administration, in support of the Sub-Treasury bill, was, that it was the object of the party in power to break down the banking institutions of the States, to destroy the credit system, and to reduce the wages of labor, and that to accomplish these results they supported that bill; but it seemed he was entirely mistaken. He understood the Senator from Pennsylvania now to say that he was not opposed to banks, but merely wished that some restraint might be placed on them, so as to prevent their running their credit into extravagance. The honorable Senator from Tennessee [Mr. GRUNDY] had made the same declaration, and the honorable Senator from Arkansas [Mr. SEVIER] had expressed himself of the same opinion. He regretted that the Senator from Mississippi [Mr. WALKER] was not present, to define his position also. But what says the honorable Senator from Missouri [Mr. BENTON] on this subject? He had stood by this hard money question from the first, and when he was solitary and alone in its support. He had fought himself through an ocean of obloquy, while the little fishes huddled around him to protect them from the roar of popular opinion. Will he also favor us with an explanation, lest perhaps we may have misapprehended his course and his sentiments on this subject?

Mr. KING said he had witnessed with unfeigned regret the direction this debate had taken; but it was not his habit, nor would he now take part in a personal altercation. His only purpose in rising was to notice some of the remarks of the Senator from South Carolina, [Mr. PRESTON.] He had listened to that Senator with no little surprise. He states that the impression made on his mind by the speeches of the prominent members of this body, who sustain the Administration, and particularly by those of the Senator from Pennsylvania, [Mr. BUCHANAN,] was, that it was the object of the party now in power to break down the banking institutions of the States, to destroy credit, and reduce the wages of labor, and that they advocated the Independent Treasury bill upon the ground that it would produce these results. Now, said Mr. K. while these charges were confined to the dirty newspapers of the day—those vehicles of detraction and misrepresentation—they deserved not the slightest notice; but coming, as they now do, from a Senator who stands high in the estimation of the country, and deservedly commands the respect of this body, they assume an importance which de-

mands immediate correction and refutation. Will the Senator designate any portion of any speech delivered on this floor, by any friend of the Administration, in which such objects are avowed? He, Mr. K. had been strictly attentive to the discussions on the Independent Treasury bill, and on no occasion had he heard an argument used, which, properly understood, was calculated to make the impression which the Senator declares had been made upon his mind: least of all could it be made by the remarks of his friend from Pennsylvania, who has discussed this great question with an ability which few can equal, and with that characteristic frankness and fairness which should have saved him the necessity of correcting misrepresentation, intentional or otherwise. Sir, said Mr. K. my friend has over and over again declared, in the most explicit terms, that he was no advocate for an exclusive metallic currency; that he wished to see the banks so reformed as to enlarge the basis of specie circulation; thus securing to the country a well regulated mixed currency—specie for the ordinary transactions of business, and a paper always convertible. Would this destroy State banks, or prostrate credit, or deprive the laborer of a fair compensation for his labor? No, sir, no; but directly the reverse; and of all classes, those who live by the sweat of their brow would have most cause to rejoice at such a reform of the currency. My friends, said Mr. K. are opposed to bank expansions which lead to the most extravagant and ruinous speculations, deranging the business of the country, and terminating in a refusal to redeem their notes in specie. These expansions, we have been told by the Senator from South Carolina, and his friends, were produced by the State bank deposit system. Admit them to be correct. Does it not prove conclusively that we should no longer mix up our affairs with theirs—that we should not subject ourselves to the inconvenience and loss consequent on their failure to pay over the public moneys placed with them for safekeeping. My friends are in favor of collecting the revenue in specie, so as to enable the Government to meet its obligations according to the requirements of the Constitution, while the Senator from South Carolina would compel the receipt of the depreciated paper of non-specie-paying banks: at least such was the proposition once made by him; but meeting with no countenance, even from his own friends, he was compelled to abandon it. My friends, as far as I know their opinions, are opposed to any interference with the State banks. To the States they leave, what to them properly belongs, their regulation and control. We are content to act within our constitutional spheres—to collect, keep, and disburse our revenue, as will enable us to meet, in good faith, all our obligations, and not again subject ourselves to the taunts and sneers of the Senator from South Carolina and his friends, that the Government was a bankrupt concern, because it could not compel the banks to pay over their deposits. Mr. K. said he looked with great interest to the success of the proposition made by his friend from Pennsylvania a few days past, so to amend the Constitution as to prohibit the issue of bank notes of a less denomination than twenty dollars. Could the States be

induced to divest themselves of this power, most of the evils which have grown out of the banking system, as at present conducted, would, in his opinion, be remedied. He sincerely hoped it would meet with a favorable consideration.

One word, said Mr. K. as to my friend from Mississippi, now absent. The Senator from South Carolina has, as I conceive, done great injustice to the views of that gentleman, as to the operation of the Independent Treasury bill. He is represented as having contended that it would prostrate the banks, and bring about an exclusive metallic circulation. Now, sir, whatever the peculiar notions of that gentleman may be, as respects the advantages to be derived from banks, he too well understood what would be the operation of the measure he advocated, to contend that any such effects could, by possibility, be produced by it. Sir, we were indebted to the gentleman and his friends for what, to me, appears opinions so absurd. Again and again have they declared, on this floor, that such would be the effects of the adoption of the Independent Treasury; and they have denounced it accordingly, in such unmeasured terms, that I was disposed to give them credit for honestly believing what they so roundly asserted, and so strongly condemned. I had no idea it was for political effect. But really (said Mr. K.) it is too bad to attempt to fix upon the friends of the Administration opinions they never entertained, arguments they never used, but which they have constantly repudiated.

Mr. K. said he well knew the opinions of the greater portion of those with whom he was politically associated here: his intercourse with them had been of the most unreserved character; and he would take this occasion to say that the charge that they were the advocates of the destruction of the State banks, and an exclusive specie circulation, was entirely destitute of foundation. Their object was to reform, not to destroy.

Mr. CLAY of Kentucky said he really did not know where he was; but there is the gallery, and there the countenance of the Father of his Country beaming down upon us, and yet it seemed to him as if persons and things had lost their identity. We now hear that there is no intention on the part of the friends of the Administration, to injure banks—no desire to destroy the credit system of the country—no wish to reduce the wages of labor. Why, really, one is almost tempted to imagine that the present display has been the result of previous arrangement, to give an opportunity for a general recantation. Why, was not the whole tenor of the argument of the Senator from Mississippi, [Mr. WALKER,] in his speech on the Sub-Treasury, to prove the evils of banks and the credit system, and the beneficial effects that would result from an exclusively metallic currency, and reduced wages of labor, which were to be effected by the passage of that bill? And has not this been the course of all the arguments of gentlemen on that side of the chamber? He was aware that the Senator from Pennsylvania was not what is considered a whole hog man—he stopped at the half-way house—not the half-way house of Conservatism, but of a mixed currency. He confessed that he was surprised and gratified at the declarations

and recantations of gentlemen this morning, but he warned the country against confiding much in the sincerity of those making them.

Mr. KING. The Senator from Kentucky, in his remarks, had used the terms "recant," "recantation." Does the Senator intend to convey the imputation that I have recanted: that I have changed any opinion heretofore held by me on this subject? I desire the Senator to point to any vote ever given, or sentiment ever uttered by me, which is inconsistent with the principles avowed in the remarks I have made this morning.

Mr. CLAY said his remark was not intended to apply to the Senator from Alabama particularly, but to the former course of the party with which the Senator acted. He had understood the course of the Executive to be such as he had characterized it, and he considered all that supported his Administration as concurring in the policy indicated by his measures.

Mr. BROWN said: That a very extraordinary spectacle had been presented to the Senate during the progress of the present debate. After the termination of a discussion, which was of a nature highly irritating, and of a strictly personal character, between the Senator from Pennsylvania [Mr. BUCHANAN] and the Senator from Massachusetts, [Mr. DAVIS] two other Senators had thought proper to volunteer in the debate, and to interfere in a manner which he did not, to say the least of it, deem the most courteous, especially towards one of the parties who had been engaged in this controversy.

The Senator from South Carolina, [Mr. PRESTON,] and the Senator from Kentucky, [Mr. CLAY,] had, with much apparent gravity, congratulated the country on the recantations, as they have chosen to term them, in regard to the banking system, which have been made on the present occasion, as they allege, by the gentleman from Pennsylvania, and other Senators friendly to the policy of the Administration. What recantations had been made by any Senator friendly to the Administration? He had not heard them, if any had been made; and he was quite sure, if the Senators from whom these remarks had fallen, had done justice to the arguments and views of almost the entire body of those on this floor who had supported the constitutional Treasury system, that they might have spared themselves the trouble of offering their congratulations to the country, for recantations which had never been made, and which, indeed, there was no necessity to make.

In regard to the Senator from Pennsylvania, [Mr. BUCHANAN,] he had said nothing, in the course of his triumphant vindication, that had even the semblance of a recantation. On the contrary, he had only re-affirmed and reiterated the views and opinions which he had before repeatedly expressed, as to the effects of the constitutional Treasury on banks and the currency of the country. If he had expressed the opinions then for the first time attributed to him, on that floor, they would have been utterly inconsistent with all those which he had, on many occasions before, avowed, and which were to be found so explicitly set forth in his published speeches, made, on former occasions, on this subject. What! the Senator from Pennsyl-

vania, a zealous and able advocate of the constitutional Treasury bill, urging, as an argument in its favor, that it would, among other effects, "suppress credit!" He would only say that, if that and some other arguments which had been attributed to him by the Senator from Massachusetts [Mr. DAVIS] had really been used by him, much as he admired the Senator from Pennsylvania for his talents, and respected him for his integrity, he should have considered him as an enemy in disguise to the very measure which he was advocating, and to which it was but an act of justice to him to say that he brought that powerful aid, always afforded by him when he takes part in any important debate. He would add that he had never heard, or known, arguments so entirely preposterous as some of those that had been attributed to the gentleman from Pennsylvania, to be used by any one, either in that body or elsewhere, in their advocacy of that measure. Nor had he known such arguments to be imputed to any member of this body, favorable to the constitutional Treasury system, except in the correspondence of hired letter writers, or in the columns of newspapers, devoted to bank interests.

What did the Senator from South Carolina [Mr. PRESTON,] and the Senator from Kentucky [Mr. CLAY] mean by the general allegation that the friends of the Administration in that body were in favor of abolishing the banking system in the States? Do they mean to charge the friends of the Administration with hostility to the banking and credit system, because they are opposed to a government of banking corporations, instead of a government of the people? Do they mean to charge them with hostility to the banks because they are disposed to correct their abuses, and to arrest that system of swindling and outrage which has been practised to such an extent on the people of this country? Is it this that they call hostility to banks, and an attempt to suppress the credit system? Are they themselves willing to uphold and to tolerate such abuses? If so, let them boldly avow it, and the people would then understand the value of that credit system, in behalf of which, so many eulogies had been uttered, and so much alarm had been expressed.

Mr. B. said that, so far as he had understood the views of the friends of the Administration, both in Congress and elsewhere, their leading object was, in regard to the banking system, so far as the indirect agency of the Federal Government could effect it, to regulate, not to destroy it; to enforce a sound and honest system of banking, instead of that system of fraud and abuse which had been so extensively and injuriously practised on the country, under the mis-called credit system. They believed, and the great body of them, there and elsewhere, had so argued, that the Constitutional Treasury system was the measure, of all others, best calculated to effect these important objects. They believed that the fiscal transactions of the Federal Government should be confined to a metallic currency, leaving to the States the undisturbed right of chartering and regulating banks, and authorizing the circulation of bank paper, in such manner as they might deem proper.

Indeed, the clamor constantly raised against the friends of the Administration, that they wished to

destroy bank, and introduce an exclusive metallic currency, was, to say the least of it, absurd and ridiculous. How could they put down the system in the several States by federal legislation? They could not interfere with or restrain the State Legislatures in chartering banks. No legislation had been proposed, nor could any be proposed here, consistently with the Constitution, to prevent the people from using paper money in their pecuniary transactions with one another.

But, said Mr. B. because the bill to establish the Constitutional Treasury did not authorize the receipt of bank notes in the payment of Government dues, it was therefore a circumstance conclusive to show, according to the logic of gentlemen in opposition, that the entire system was to be abolished! This kind of argument, if argument it was entitled to be called, might suit for the purposes of misrepresentation, but it would not answer to establish the truth of a proposition.

Another mode of argument, equally conclusive, to prove that the Administration and its friends were in favor of abolishing all the State banks, and introducing an entire metallic currency, was the practice, by the Opposition, of holding up to the public view the opinions of a few of its friends as the opinions of all the Democratic party.

He would put a few cases to prove, not merely the fallacy, but the extreme injustice, of such reasoning. Some of the friends of the Opposition, whose opinions had often been quoted in that quarter, on financial matters, as oracular, had advocated the heresy that banks were strong in proportion as their quantity of specie was small; but would it be fair to charge this new discovery in the credit system to the Opposition, as a party? Again, the Senator from South Carolina [Mr. PRESTON] had introduced a proposition in that body, during the former bank suspension, to compel the Secretary of the Treasury to receive in payment of the public dues, the depreciated notes of those banks, which was advocated by the Senator from Kentucky, [Mr. CLAY;] but would it have been fair to have held the whole of those in opposition answerable for a proposition so subversive of public credit? And, again, some of the leaders of the former Federal party avowed a preference for monarchy, while some of the partisans of the same party, of the present day, have expressed similar sentiments. He alluded to Mr. Hamilton, and some other distinguished leaders of the Federal party of that day, and also to an individual of the present day, of the Opposition, who had, in a series of essays in a Federal paper, advocated a monarchy. Mr. B. said that he had put these cases, not to fix upon the Opposition party the political heresies they contain, but to show the extreme absurdity of one party endeavoring to hold the other responsible for the opinions of a few only of its members.

But, said Mr. B. the Senator from Kentucky [Mr. CLAY] had not been content with imputing opinions of declared hostility against all banks to those friendly to the Administration in that chamber, but had thought proper to extend the same charge to the President of the United States. With how much justice this charge has been made, a reference to the messages of the Chief Magistrate would show. A leading argument, in his recommendation of the constitutional Treasury system,

was its tendency to correct the abuses of the paper system, and establish a sound and honest system of banking, in place of that which has produced such disastrous consequences to the people of the United States. If the wish to bring about a reform in these abuses by the indirect agency of the powers of the Federal Government, constitutionally exerted, be hostility to banks, then the President, in common with the great majority of the American people, was obnoxious to the charge. So far from furnishing proof of hostility to the system, it afforded the only means of preserving it. Those in reality are its enemies, who are in favor of perpetuating its abuses.

Why, he would ask, all this alarm about the banking system, and patriotic indignation at the idea of a hard money currency? Did any one believe that the banking system in the States—he meant an honest banking system—was really endangered? On the contrary, was there any candid and intelligent individual, taking into view the universality of the existence of the system in our country, and the powerful interests enlisted in its behalf, that did not believe that the real danger was not that the system would be destroyed, but that it would not be sufficiently regulated, whether it existed in the form of a National Bank, or of State banks.

Mr. B. would not say that these alternate exhibitions of alarm and indignation which we had witnessed here were *affected*, or intended to answer *political* purposes. That a pressing emergency, however, existed in the ranks of the Opposition, which required the use of all such means, none could doubt, who daily witnessed the extraordinary expedients that were resorted to for the purpose of sustaining a cause that can only exist by extraneous and artificial means. The effort to operate on public opinion by panics and misrepresentation, was an old expedient, which had been tried on former occasions, much more favorable to success than the present period. They had failed then, and he predicted that they would fail again.

Mr. CALHOUN. I rise to say that no one is authorized to speak for me. I speak for myself. I have changed no opinion. On the contrary, every day's experience confirms me in the opinion that the banking system, as it stands—I mean banks of circulation—has proved to be one of the greatest calamities that ever befel the country.

I make no war on the banks. The system wars against itself, and is destined to fall by self-slaughter. It contains within itself the elements of its own destruction; and gentlemen on both sides may combine to save the system, but it will be in vain. Its true character is now in a course of rapid development. We witness this day its baneful effects on the currency and the business of the country; but we have much to learn of its desolating consequences on its morals and politics. If I should stand alone, I shall be found in opposition to the system.

Now let me say that I know nothing of the views of the Senator from Pennsylvania, further than than as they are developed in his resolution. I wish to be understood to be utterly opposed to its object. With my present conviction, I shall never consent to engraft the banking system on the Constitution.