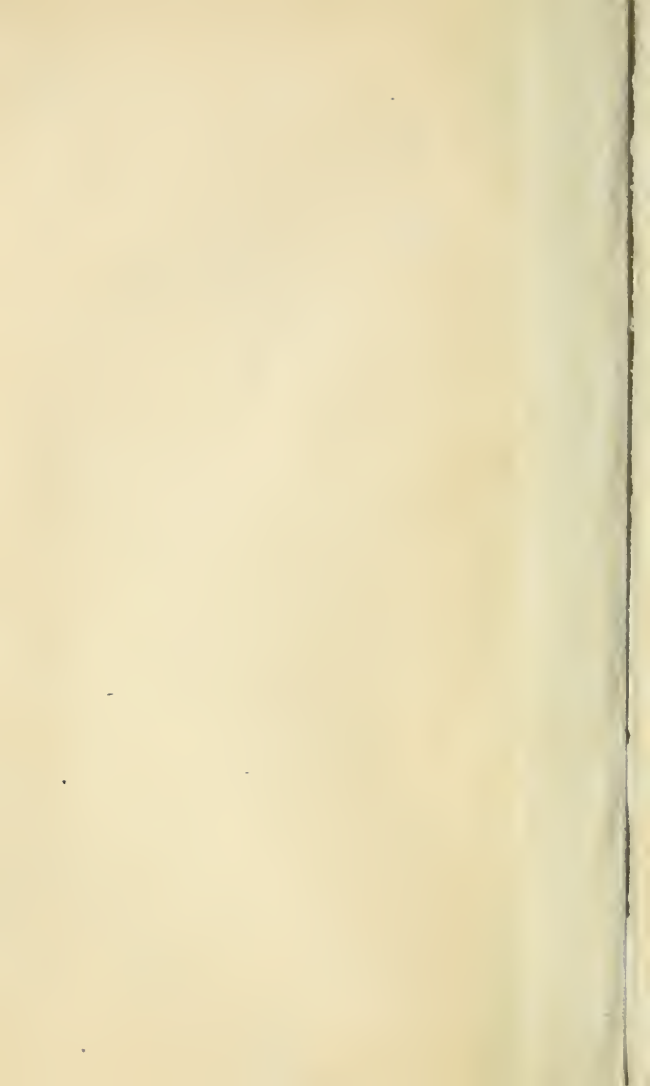


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LEGISLATIVE AND DOCUMENTARY

HISTORY OF THE BANKS

OF THE

UNITED STATES,

FROM THE TIME OF ESTABLISHING THE BANK OF NORTH

AMERICA, 1781, TO OCTOBER, 1834 :

WITH

NOTES AND COMMENTS,

BY

R. K. MOULTON.

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P R E F A C E .

IN presenting the following pages to the public, the compiler has deemed it proper to explain the plan of the work, and its object. The question of a national bank, and of the re-chartering of the present Bank of the United States, having more or less agitated the community for the last three or four years, it is the *object* of this work to lay before the people such a statement of facts as the compiler conceives will enable them to form a correct opinion upon the subject.

For the purpose of effecting that object, the compiler has embodied all the public documents considered to be anywise essential, in attaining a thorough knowledge of the national banking operations of the country, from the year 1781 to the present time. In some instances, the

substance only of public documents is given—in other instances, the most important abstracts from the reports and opinions of public functionaries—and in a few cases, they are given at full length; and it is believed, that where only the substance of public documents or extracts from them are given, the reader will better understand the subject, than if given at full length.

The reader may suppose the history of the banking operations of the country to be divided into four periods :

The first, from the establishment of the bank of North America, 1781, to the incorporation of the first national bank, 1791, included in page 1 and 2.

The second from the establishment of the first national bank, 1791, to the expiration of its charter, 1811, included in pages 2 to 46.

The third, from the expiration of the charter, in 1811, of the first national bank, to the incorporation of the present bank of the United States, April 10, 1816, included in pages 46 to 78.

The fourth from the incorporation of the

present bank, April 10, 1816, to the present time, included in pages 78 to the close of the work. This part also contains the charter of the present bank, with notes and comments to the 16th fundamental article, and to the 16th section, in relation to the removal of the deposits; and to the 23d section, in relation to the appointment of committees by Congress, to "inspect the books, and to examine into the proceedings of the corporation."

The critical reader will perceive, throughout the whole work, a want of uniformity in the capitals, and in the punctuation. This has arisen from the work being compiled from various authors, not any two of whom seem to have been guided, in this respect, by like principles: some commencing the words "Congress," "Senate," "Bank," &c. with a capital, others without. The compiler has attempted in all cases to strictly follow the original copies; and should there be any errors in the work, they must have escaped his notice.

R. K. M.



HISTORY,

&c. &c.

“IN tracing the history of the Bank of the United States, it seems proper to give some account of that moneyed institution, which, deriving its incipient powers from the general government, may be considered as the prototype of the corporations which have more recently borne that name. The Bank of North America, which was the precursor of that of the United States, was first incorporated in 1781, by an ordinance of the continental congress. Its dependence, however, upon this creating power, was of short continuance: for, in the next year, it accepted of a charter from the State of Pennsylvania, and has since been content to derive its powers from that source.”

This institution was established under the auspices of Robert Morris, a man of great financial talents, and a delegate to the continental congress, from the State of Pennsylvania. During the year preceding its incorporation, the

finances and credit, both of the states and of the continental congress, were almost entirely exhausted. In order to procure supplies for the support of the army, congress and several of the state governments had been obliged to have recourse to the issuing of bills of credit, which was the principal circulating medium. These became depreciated in value to almost nothing. Under these circumstances the continental army became reduced nearly to a skeleton; the necessary articles of clothing and provisions could not be procured, the soldiers became dissatisfied, and fears were entertained that the campaign must terminate in mutiny, or in a relinquishment of every thing for which the American people were then contending. Owing, however, to the timely aid afforded the financial department of the government by the establishment of this bank, confidence was in a great measure restored to the army, fresh vigour was infused among the troops, and to it may be principally ascribed the capture of Cornwallis, the expulsion of the British from the southern states, and the termination of the conflict that secured the American Independence.

Under the confederation the evils arising from the want of a currency, under some general control, were severely felt, and was one of the causes that led to the adoption of the federal constitution.

Upon the organization of our present government, the currency of the country, and the establishment of the public credit, were among the first subjects of legislation, that engaged the

attention of congress ; accordingly by a resolution of that body of the 9th of August, 1790, the Secretary of the Treasury was required to prepare and report to them such further provision as might, in his opinion, be necessary for establishing the public credit. Pursuant to this resolution, the Secretary of the Treasury, on the 13th of December following, made “ a report,” upon the subject referred to him, in which he recommended the establishment of a National Bank. The following extracts from his report upon the subject, will show the principal reasons urged by him in favour of the measure.

“ That from a conviction that a National Bank is an institution of primary importance to the prosperous administration of the finances, and would be of the greatest utility in the operations connected with the support of the public credit, his attention has been drawn to devising the plan of such an institution, upon a scale which will entitle it to the confidence, and be likely to render it equal to the exigencies of the public. Previously to entering upon the detail of this plan, he intreats the indulgence of the House towards some preliminary reflections naturally arising out of the subject, which he hopes will be deemed neither useless nor out of place. Public opinion being the ultimate arbiter of every measure of government, it can scarcely appear improper, in deference to that, to accompany the origination of any new proposition with explanations which the superior information of those to whom it is immediately addressed,

would render superfluous. It is a fact, well understood, that public banks have found admission and patronage among the principal and most enlightened commercial nations. They have successively obtained in Italy, Germany, Holland, England, and France, as well as in the United States. And it is a circumstance which cannot but have considerable weight, in a candid estimate of their tendency, that, after an experience of centuries there exists not a question about their utility, in the countries, in which they have been so long established. Theorists and men of business unite in the acknowledgment of it."

"Trade and industry, wherever they have been tried, have been indebted to them for important aid. And government has been repeatedly under the greatest obligations to them in dangerous and distressing emergencies. That of the United States, as well in some of the most critical conjunctures of the late war, as since the peace, has received assistance from those established among us, with which it could not have dispensed."

"With this two-fold evidence before us, it might be expected that there would be a perfect union of opinions in their favour. Yet doubts have been entertained; jealousies and prejudices have circulated; and, though the experiment is every day dissipating them, within the spheres in which the effects are best known, yet there are still persons by whom they have not been entirely renounced. To give a full and accurate view of the subject, would be to

make a treatise of a report ; but there are certain aspects in which it may be cursorily exhibited, which may perhaps conduce to a just impression of its merits. These will involve a comparison of the advantages with the disadvantages, real or supposed, of such institutions."

"The following are among the principal advantages of a bank :"

"First, The augmentation of productive capital of a country. Gold and silver, when they are employed merely as the instruments of exchange, alienation, have been not improperly denominated dead stock ; but when deposited in banks, to become the basis of a paper circulation, which takes their character and place, as the signs or representations of value, they then acquire life, or in other words, an active and productive quality. This idea, which appears rather subtle and abstract, in a general form, may be made obvious and palpable, by entering into a few particulars. It is evident for instance, that the money which a merchant keeps in his chest, waiting for a favourable opportunity to employ it, produces nothing till that opportunity arrives. But if, instead of locking it up in this manner, he either deposits in a bank, or invests it in the stock of a bank, it yields a profit during the interval, in which he partakes, or not, according to the choice he may have made of being a depositor or a proprietor ; and when any advantageous speculation offers, in order to be able to embrace it, he has only to withdraw his money, if a depositor, or, if a proprietor, to obtain a loan from the bank, or to dispose of his

stock,—an alternative seldom or never attended with difficulty, when the affairs of the institution are in a prosperous train. His money, thus deposited or invested, is a fund upon which himself and others can borrow to a much larger amount. It is a well established fact, that banks in good credit can circulate a far greater sum than the actual quantum of their capital in gold and silver. The extent of the possible excess seems indeterminate; though it has been conjecturally stated at the proportions of two and three to one. This faculty is produced in various ways. 1st, A great proportion of the notes which are issued, and pass current as cash, are indefinitely suspended in circulation, from the confidence which each holder has, that he can at any moment turn them into gold and silver. 2dly, Every loan which a bank makes, is, in its first shape, a credit given to the borrower on its books, the amount of which it stands ready to pay, either in its own notes, or in gold or silver, at his option. But, in a great number of cases, no actual payment is made in either. The borrower frequently, by a check or order, transfers his credit to some other person, to whom he has a payment to make; who, in his turn, is as often content with similar credit, because he is satisfied that he can, whenever he pleases, either convert it into cash, or pass it to some other hand, as an equivalent for it. And in this manner the credit keeps circulating, performing in every stage the office of money, till it is extinguished by a discount with some person who has a payment to make to the

bank, to an equal or greater amount. Thus large sums are lent and paid, frequently through a variety of hands, without the intervention of a single piece of coin. 3dly, There is always a large quantity of gold and silver in the repositories of the bank, besides its own stock, which is placed there, with a view partly to its safe keeping, and partly to the accommodation of an institution, which is itself a source of general accommodation. These deposits are of immense consequence in the operations of a bank. Though liable to be redrawn at any moment; experience proves that the money so much oftener changes proprietors than place, and that what is drawn out is generally so speedily replaced, as to authorize the counting upon the sums deposited, as an *effective fund*, which, concurring with the stock of the bank, enables it to extend its loans, and to answer all the demands for coin, whether in consequence of those loans, or arising from the occasional return of its notes. These different circumstances explain the manner in which the ability of a bank to circulate a greater sum than its actual capital in coin, is acquired. This however, must be gradual, and must be preceded by a firm establishment of confidence—a confidence which may be bestowed on the most rational grounds, since the excess in question will always be bottomed on good security of one kind or another. This, every well conducted bank carefully requires, before it will consent to advance either its money or its credit,—and where there is an auxiliary capital, (as will be the case in the plan hereafter

submitted) which, together with the capital in coin, define the boundary that shall not be exceeded by the engagements of the bank. The security may, consistently with all the maxims of a reasonable circumspection, be regarded as complete. The same circumstances illustrate the truth of the position, that it is one of the properties of banks to increase the active capital of a country. This in other words is the sum of them: the money of one individual, while he is waiting for an opportunity to employ it, by being either deposited in the bank for safe keeping, or invested in its stock, is in a condition to administer to the wants of others, without being put out of his own reach, when occasion presents. This yields an extra profit, arising from what is paid for the use of his money by others, when he could not himself make use of it, and keeps the money itself in a state of incessant activity. In the almost infinite vicissitudes and competitions of mercantile enterprise, there never can be danger of an intermission of demand, or that the money will remain for a moment idle in the vaults of the bank. This additional employment given to money, and the faculty of a bank, to lend and circulate a greater sum, than the amount of its stock in coin, are, to all the purposes of trade and industry, an absolute increase of capital."

"Purchases and undertakings, in general, can be carried on by any given sum of bank paper or credit, as effectually as by an equal sum of gold and silver. And thus, by contributing to enlarge the mass of industrious and commercial

enterprise, banks become nurseries of national wealth—a consequence as satisfactorily verified by experience, as it is clearly deducible in theory.”

“Secondly, Greater facility to the government, in obtaining pecuniary aids, especially in sudden emergencies. This is another, and an undisputed advantage of public banks—one which, as already remarked, has been realized in signal instances among ourselves. The reason is obvious; the capitals of a great number of individuals are, by this operation, collected to a point, and placed under one direction. The mass formed by this union, is, in a certain sense, magnified by the credit attached to it; and while this mass is always ready, and can at once be put in motion, in aid of the government, the interest of the bank to afford that aid, independent of regard to the public safety and welfare, is a sure pledge for its disposition to go as far in its compliances as can in prudence be desired. There is, in the nature of things, as will be more particularly noticed in another place, an intimate connexion of interest between the government and the bank of a nation.”

“Thirdly, The facilitating of the payment of taxes. This advantage is produced in two ways. Those who are in a situation to have access to the bank, can have the assistance of loans, to answer, with punctuality, the public calls upon them. This accommodation has been sensibly felt in the payment of the duties heretofore laid by those who reside where esta-

blishments of this nature exist. This, however, though an extensive, is not an universal benefit. The other way in which the effect here contemplated is produced, and in which the benefit is general in the increasing of the quantity of circulating medium, and the quickening of circulation. The manner in which the first happens has already been traced. The last may require some illustration. When payments are to be made between different places, having an intercourse of business with each other, if there happen to be no private bills at market, and there are no bank notes which have a currency in both, the consequence is, that coin must be remitted. This is attended with trouble, delay, expense, and risk. If, on the contrary, there are bank notes current in both places, the transmission of these by the post, or any other speedy or convenient conveyance, answers the purpose; and these again, in the alterations of demand, are frequently returned, very soon after, to the place from whence they were first sent: whence the transportation and re-transportation of the metals are obviated, and a more convenient and a more expeditious medium of payment is substituted. Nor is this all: the metals, instead of being suspended from their usual functions during this process of vibration from place to place, continue in activity, and administer still to the ordinary circulation which, of course, is prevented from suffering diminution or stagnation. These circumstances are additional causes of what, in a practical sense, or to the purposes of business, may be called

greater plenty of money. And it is so evident, that whatever enhances the quantity of circulating money, adds to the ease with which every industrious member of the community may acquire that portion of it of which he stands in need, and enables him the better to pay his taxes, as well as supply his other wants. Even where the circulation of the bank paper is not general, it must still have the same effect, though in a less degree ; for, whatever furnishes additional supplies to the channels of circulation in one quarter naturally contributes to keep the streams fuller elsewhere. This last view of the subject serves both to illustrate the position that banks tend to facilitate the payment of taxes, and to exemplify their utility, to business of every kind in which money is an agent."

"It would be to intrude too much on the patience of the House, to prolong the details of the advantages of banks ; especially, as all those which might still be particularized, are readily to be inferred as consequences from those which have been enumerated."

On the reception, in the senate, of the report, from which are made the foregoing extracts, the same was referred to a committee consisting of Messrs. Strong, of Massachusetts ; Morris, of Pennsylvania ; Schuyler, of New-York ; Butler, of South Carolina, and Ellsworth, of Connecticut.

On the 3d of January, 1791, Mr. Strong, chairman of the committee, reported a bill "To incorporate the Subscribers to the Bank of the United States."

The history of this bill, on its passage through the senate, is to be learned only from the Journals of that body. Its debates and proceedings were not then, as now, open to the public. Such extracts from the Journal as appear to be the most essential, are herewith given.

A motion was made to subjoin to a certain clause, the following words, "*Provided nevertheless*, That nothing herein contained shall be construed to exclude the right of amending the same (the bank charter), on giving twelve months' notice, from and after the first of January, 1800." It passed in the negative. (Yeas and nays not given.)

On the 19th of January, a motion being made to expunge the 12th section, to wit—

"*And be it further enacted*, That no other bank shall be established, by any future law of the United States, during the continuance of the corporation hereby created, for which the faith of the United States is hereby pledged." Passed in the negative. (Yeas and nays not given.)

20th January, 1791. On motion to re-consider the term of incorporation, and limit it to the year 1801 instead of 1811, the vote stood as follows—

Yeas, Messrs. Butler, Few, Gunn, Hawkins, Izard and Monroe—6.

Nays, Messrs. Basset, Dalton, Dickensen,

Ellsworth, Elmer, Foster, Johnson, King, Langdon, Maclay, Morris, Read, Schuyler, Stanton, Strong, and Wright, 16,

Whereupon, *Resolved, that this bill do pass.* (The yeas and nays are not given. It is however supposed that the vote was unanimous.)

The bill was then sent to the House for concurrence.

On the 21st of January, 1791, the bill, (in the house of representatives,) was read a first and second time, and committed to a committee of the whole House.

On the 21st of January the House resolved itself into a committee of the whole, (Mr. Boudinot in the chair,) and the bill was read by paragraphs, and no amendments being offered, the chairman reported it to the House, which voted that it should be read a third time the next day.

Chief Justice Marshall, in his life of Washington, says, (vol. v. page 294 to 298,) "on the final question, a great, and it would seem, *an unexpected* opposition was made to its passage. Mr. Madison, Mr. Giles, Mr. Jackson, and Mr. Stone, spoke against it. The general utility of banking systems was not admitted, and the particular bill before the House was censured on its merits; but the great strength of the argument was directed against the constitutional authority of congress to pass an act for incorporating a national bank."

"The government of the United States, it was said, was limited; and the powers which it might legitimately exercise were enumerated in the constitution itself. In this enumeration,

the power now contended for was not to be found. Not being expressly given, it must be implied from those which were given, or it could not be vested in the government. The clauses under which it could be claimed were then reviewed, and critically examined; and it was contended that on a fair construction, no one of these could be understood to imply so important a power as that of creating a corporation.

“The clause which enables congress to pass all laws necessary and proper to execute the specified powers, must, according to the natural and obvious force of the terms and the context, be limited to means *necessary* to the *end*, and *incident* to the *nature* of the specified powers. The clause it was said, was in fact mere declaratory of what would have resulted by unavoidable implication as the appropriate, and as it were technical means of executing those powers. Some gentlemen observed, that ‘the true exposition of a necessary mean to produce a given end was that mean, without which, the end could not be produced.’

“The bill was supported by Mr. Ames, Mr. Sedgwick, Mr. Smith, of South Carolina, Mr. Lawrence, Mr. Boudinot, Mr. Gerry, and Mr. Vining.”

“The utility of banking institutions was said to be demonstrated by their effects. In all commercial countries they had been resorted to as instruments of great efficacy in mercantile transactions; and even in the United States, their public and private advantages had been felt and acknowledged.”

“ Respecting the policy of the measure, no well founded doubt could be entertained; but the objections to the constitutional authority of congress deserved to be seriously considered.”

“ That the government was limited by the terms of its creation was not controverted, and that it could exercise only those powers which were conferred on it by the constitution was admitted. If, on examination, that instrument should be found to forbid the passage of the bill, it must be rejected, though it would be with deep regret that its friends would suffer such an opportunity of serving their country to escape for the want of a constitutional power to improve it.”

“ In asserting the authority of the legislature to pass the bill, gentlemen contended, that incidental as well as express powers must necessarily belong to every government; and that, when a power is delegated to effect particular objects, all the known and usual means of effecting them must pass as incidental to it. To remove all doubt on this subject, the constitution of the United States had recognised the principle, by enabling congress to make all laws which may be necessary and proper for carrying into execution the powers vested in the government. They maintained the sound construction of this grant to be a recognition of an authority in the national legislature, to employ all the known and usual means for executing the powers vested in the government. They then took a comprehensive view of those powers, and contended that a bank was a known and

usual instrument by which several of them were exercised."

"After a debate of great length, which was supported on both sides with ability, and with ardour which was naturally excited by the importance attached by each party to the principle in contest, the question was put, and the bill was carried in the affirmative by a majority of twenty voices."

The following were the ayes and nays on the final question—"Shall the bill pass."

AYES—39.

Messrs. Fisher Ames,	<i>Mass.</i>
Egbert Benson,	<i>N. Y.</i>
Elias Boudinot,	<i>N. J.</i>
Benjamin Bourn,	<i>R. I.</i>
Lambert Cadwallader,	<i>N. J.</i>
George Clymer,	<i>Pa.</i>
Thomas Fitzsimmons,	<i>Pa.</i>
William Floyd,	<i>N. Y.</i>
Abiel Foster,	<i>N. H.</i>
Elbrige Gerry,	<i>Mass.</i>
Nicholas Gilman,	<i>N. H.</i>
Benjamin Goodhue,	<i>Mass.</i>
Thomas Hartley,	<i>Pa.</i>
John Hathorn,	<i>N. Y.</i>
Daniel Heister,	<i>Pa.</i>
Benjamin Huntington,	<i>Conn.</i>
John Lawrence,	<i>N. Y.</i>
George Leonard,	<i>Mass.</i>
Samuel Livermore,	<i>N. H.</i>
Peter Muhlenberg,	<i>Pa.</i>
George Partridge,	<i>Mass.</i>
Jerem. Van Rensselaer,	<i>N. Y.</i>

Messrs. James Shureman,	<i>N. J.</i>
Thomas Scott,	<i>Pa.</i>
Theodore Sedgwick,	<i>Mass.</i>
Joshua Seney,	<i>Md.</i>
John Sevier,	<i>N. C.</i>
Roger Sherman,	<i>Conn.</i>
Peter Sylvester,	<i>N. Y.</i>
Thomas Sinnickson,	<i>N. Y.</i>
William Smith,	<i>Md.</i>
William Smith,	<i>S. C.</i>
John Steele,	<i>N. C.</i>
Jonathan Sturgess,	<i>Conn.</i>
George Thatcher,	<i>Mass.</i>
Jonathan Trumbull,	<i>Conn.</i>
John Vining,	<i>Del.</i>
Jeremiah Wadsworth,	<i>Conn.</i>
Henry Wyncoop,	<i>Pu.</i>

NAYS--19.

Messrs. John Baptiste Ashe,	<i>N. C.</i>
Abraham Baldwin,	<i>Geo.</i>
Timothy Bloodgood,	<i>N. C.</i>
John Brown,	<i>Va.</i>
Edanus Burke,	<i>S. C.</i>
Daniel Carrol,	<i>Md.</i>
Benjamin Contee,	<i>Md.</i>
Jonathan Grout,	<i>Mass.</i>
William B. Giles,	<i>Va.</i>
James Jackson,	<i>Geo.</i>
Richard Bland Lee,	<i>Va.</i>
James Madison, Jun.,	<i>Va.</i>
George Matthews,	<i>Geo.</i>
Andrew Moore,	<i>Va.</i>
Josiah Parker,	<i>Va.</i>

Messrs. Michael Jenifer Stone,	<i>Md.</i>
Thomas Tudor Tucker,	<i>S. C.</i>
Alexander White,	<i>Va.</i>
Hugh Williamson,	<i>N. C.</i>

“The point which had been agitated with so much zeal in the House of Representatives, was examined not less deliberately by the executive. The cabinet was divided upon it. The Secretary of State and the Attorney General conceived that Congress had clearly transcended their constitutional powers; while the Secretary of the Treasury, with equal clearness, maintained the opposite opinion. The advice of each minister, with his reasoning in support of it, was required in writing.”

A perusal of the arguments used on the occasion, by the heads of department would afford much gratification to the curious, but the limits prescribed for this work will not permit the introduction of such voluminous papers. [For an examination of them at full length, the reader is referred to the “Legislative and Documentary History of the Bank of the United States,” published at Washington, by Gales & Seaton, 1832, p. 86 to 112.]

An outline, however, of that train of reasoning with which each opinion was supported, and on which the judgment of the executive was most probably formed, will be briefly stated.

Opinion of Thomas Jefferson, Secretary of State.

“To prove that the measure was not sanctioned by the Constitution, the general principle was asserted, that the foundation of that instrument

was laid on this ground, "That all powers not delegated to the United States by the Constitution, nor prohibited to it by the States, are reserved to the States or to the people." To take a single step beyond the powers thus specially drawn around the powers of Congress, is to take possession of a boundless field of power, no longer susceptible of definition.

The power in question was said not to be among those which were specially enumerated, nor to be included within either of the general phrases which are to be found in the constitution.

The article which contains this enumeration was reviewed; each specified power was analyzed, and the creation of a corporate body was declared to be distinct from either of them.

The general phrases are,

"1st, To lay taxes to provide for the general welfare of the United States. The power here conveyed, it was observed, was "*to levy taxes.*" The purpose was, "*the general welfare.*" Congress could not lay taxes *ad libitum*, but could only lay them for "*the general welfare;*" nor did this clause authorize that body to provide for "the general welfare," otherwise than by laying taxes for that purpose."

Secondly, "To make all laws which shall be necessary and proper for carrying into execution the enumerated powers. But they can all be carried into execution without a bank. A bank, therefore, is not necessary, and consequently, unauthorized by this phrase."

"It had been much urged that a bank would give great facility and convenience in the collection of taxes. Suppose this were true; yet the

constitution allows only the means which are *necessary*, not those which are *convenient*. If such a latitude of construction be allowed this phrase, as to give any non-enumerated power, it will go to every one; for there is no one which ingenuity may not torture into a *convenience, in some way or other, to some one of so long a list of enumerated powers*. It would swallow up all the list of enumerated powers, and reduce the whole to one phrase. Therefore it was that the constitution restrained them to *necessary* means, that is to say, to those means without which the grant of power would be nugatory."

"The *convenience* was then examined. This had been stated in the report of the secretary of the treasury to congress, to consist in the augmentation of the circulating medium, and in preventing the transportation and re-transportation of money between the states and the treasury."

"The first was considered as a demerit. The second, it was said, might be effected by the other means. Bills of exchange and treasury drafts, would supply the place of bank notes. Perhaps indeed bank bills would be a more convenient vehicle than treasury orders; but a little difference in the degree of *convenience* cannot constitute the *necessity* with which the constitution makes the ground for assuming any non-enumerated power."

"*Besides, the existing state banks would, without doubt, enter into arrangements for lending their agency.* This expedient alone suffices to prevent the existence of that *necessity* which

may justify the assumption of a non-enumerated power as a means for carrying into effect an enumerated one. It may be said that a bank whose bills would have a currency all over the states, would be more convenient than one whose currency is limited to a single state. So it would be still more convenient that there should be a bank whose bills should have a currency all over the world ; but it does not follow from this superior conveniency, that there exists anywhere a power to establish such a bank, *or that the world may not go on very well without it.*"

"For a shade or two of convenience, more or less, it cannot be imagined that the constitution intended to invest congress with a power so important as that of erecting a corporation."

Substance of the opinion of the Secretary of the Treasury in support of the Bill.

In supporting the constitutionality of the act, it was laid down as a general proposition, "that every power vested in a government is, in its nature, sovereign, and includes by *force* of the *term*, a right to employ all the *means* requisite and *fairly applicable* to the attainment of the *ends* of such power ; and which are not precluded by restrictions and exceptions specified in the constitution are not immoral, are not contrary to the essential ends of political society. This principle, in its application to government in general, would be admitted as an axiom ; and it would be incumbent on those who might refuse to acknowledge its influence in American affairs to prove a distinction ; and to show that

a rule which, in the general system of things, is essential to the preservation of the social order, is inapplicable to the United States. The circumstance that the powers of sovereignty are divided between the national and state governments, does not afford the distinction required. It does not follow from this, that each of the portions of power delegated to the one or to the other, is not sovereign with regard to its proper objects. It will not only follow from it, that each has sovereign power as to certain things, and not as to other things. If the government of the United States does not possess sovereign power as to its declared purposes and trusts, because its power does not extend to all cases, neither would the several states possess sovereign power in any case, for their powers do not extend to every case. According to the opinion intended to be combated, *the United States would furnish the singular spectacle of a political society without sovereignty, or a people governed without a government.*"

"If it could be necessary to bring proof of a proposition so clear as that which affirms the powers of the federal government, *as to its objects*, were sovereign, there is a clause in the constitution which is decisive. It is that which declares the constitution of the United States, the laws made in pursuance of it, and the treaties made under its authority to be the supreme law of the land, the power which can create the supreme law in any case, is doubtless sovereign as to such case."

"This general and indisputable principle puts an end to the abstract question, *whether the*

United States have power to erect a corporation ; for it is unquestionably incident to sovereign power to erect corporations, and consequently to that of the United States, in relation to the objects intrusted to the management of the government. The difference is this ; where the authority of the government is general, it can create corporations *in all cases* ; where it is confined to certain branches of legislation, it can create corporations only in *those cases*. That the government of the United States can exercise only those powers which are delegated by the constitution, is a proposition not to be controverted ; neither is it to be denied on the other hand, that there are implied as well as express powers, and that the former are as effectually delegated as the latter. For the sake of accuracy, it may be observed, that there are also *resulting powers*. It would not be doubted that if the United States should make a conquest of any of the territories of its neighbours, they would possess sovereign jurisdiction over the conquered territory. This would rather be a result of the whole mass of the powers of the government, and from the nature of political society, than a consequence of either of the powers especially enumerated. This is an extensive case in which the power of erecting corporations is either implied in, or would result from some or all of the powers vested in the national government."

"Since it must be conceded that implied powers are as completely delegated as those which are expressed, it follows that, as a power of erecting a corporation may as well be implied as any

other thing, it may as well be employed as an *instrument or mean* of carrying into execution any of the specified powers as any *other instrument or mean* whatever. The question in this, as in every other case, must be whether the mean to be employed as a natural relation to any of the acknowledged objects or lawful ends of the government. Thus a corporation may not be created by congress for superintending the police of the city of Philadelphia, because they are not authorized to regulate the police of that city ; but one may be created in relation to the collection of the taxes, or to the trade with foreign countries, or between the states or with the Indian tribes, because it is in the province of the federal government to regulate those objects, and because it is incident to a general sovereign or legislative power to regulate a thing, to employ all the means which relate to its regulation, to the best and greatest advantage."

"A strange fallacy seems to have crept into the manner of thinking and reasoning upon this subject. The imagination has presented an incorporation as some great, *independent, substantive thing* :—as a political end of peculiar magnitude and moment ; whereas it is truly to be considered as a quality, capacity, or mean to an end. Thus a mercantile company is formed with a certain capital for the purpose of carrying on a particular branch of business. The business to be prosecuted is the end. The association, in order to form the requisite capital is the primary mean. Let an incorporation be

added, and you only add a new quality to that association which enables it to prosecute the business with more safety and convenience. The association when incorporated still remains the mean, and cannot become the end."

"To this reasoning respecting the inherent rights of government to employ all the means requisite to the execution of its specified powers, it is objected, that none but *necessary* and *proper* means can be employed; and none can be necessary, but those without which the grant of the power would be nugatory. So far has this restrictive interpretation been pressed as to make the case of *necessity* which shall warrant the constitutional exercise of a power, to depend on casual and temporary circumstances; an idea, which alone confutes the construction. The expedience of exercising a *particular power*, at a *particular time*, must indeed depend on circumstances, but the constitutional right of exercising it must be uniform and invariable. All the arguments, therefore, drawn from the accidental existence of certain state banks which happen to exist to-day, and for aught that concerns the government of the United States may disappear to-morrow, must not only be rejected as fallacious, but must be viewed as demonstrative that there is a radical source of error in the reasoning."

"But it is essential to the being of the government that so erroneous a conception of the meaning of the word *necessary* should be exploded."

"It is certain that neither the grammatical

nor popular sense of the term requires that construction. According to both *necessary* means no more than *needful, requisite, incidental, useful, or conducive to*. It is a common mode of expression to say that it is necessary for a government or a person to do this or that thing, where nothing more is intended or understood than that the interests of the government or person require, or will be promoted by doing this or that thing."

"This is the true sense in which the word is used in the constitution. The whole turn of the clause containing it indicates an intent to give by is a liberal latitude to the exercise of specified powers. The expressions have peculiar comprehensiveness. They are "to make all laws necessary and proper for carrying into execution the foregoing powers, and *all other* powers vested by the constitution in the government of the United States, or in any *department* or *office* thereof." To give the word, "necessary," the restrictive operation contended for, would not only depart from its obvious and popular sense, but would give it the same force as if the word *absolutely* or *indispensably* had been prefixed to it."

"Such a construction would beget endless uncertainty, and embarrassment. The cases must be palpable and extreme in which it could be pronounced with certainty that, a measure was absolutely necessary, or one without which a given power would be nugatory. There are few measures of any government which would stand so severe a test. To insist

upon it would be to make the criterion of the exercise of an implied power *a case of extreme necessity*; which is rather a rule to justify the overleaping the bounds of constitutional authority than to govern the ordinary exercise of it."

"The degree in which a measure is necessary can never be a test of the legal rights to adopt it. The relation between the *measure* and the *end*; between the nature of the *mean* employed towards the execution of a power, and the object of that power, must be the criterion of constitutionality, not the more or less *necessity* or *utility*."

"The means by which national exigencies are to be provided for, national inconvenience obviated, and national prosperity promoted, are of such infinite variety, extent, and complexity, that there must of necessity be great latitude of discretion, in the selection and application of those means. Hence the necessity and propriety of exercising the authority intrusted to a government on principles of liberal construction. But if only those means be employed, without which the power would be nugatory, not only would this right of selection be taken away, but in cases where an option of means existed, it might be urged against the employment of either, that it was not *indispensably necessary* to the end."

"While, on the one hand, the restrictive interpretation of the word *necessary* is deemed inadmissible, it will not be contended, on the other,

that the clause in question gives any new and independent power. But it gives an explicit sanction to the doctrine of implied powers, and is equivalent to an admission of the proposition that the government, *as to its specified powers and objects*, has plenary and sovereign authority. It is true that the power to create corporations is not granted in terms. Neither is the power to pass any particular law, nor to employ any of the means by which the ends of the government are to be obtained. It is not expressly given in cases in which its existence is not controverted. For by the grant of a power to exercise exclusive legislation in the territory which may be ceded by the states to the United States, it is admitted to pass; and in the power "to make all needful rules and regulations respecting the territory or property of the United States" it is acknowledged to be implied. In virtue of this clause, has been implied the right to create a government, that is, to create a body politic or corporation, of the highest nature; one that, in its maturity, will be able itself to create other corporations. Thus has the constitution itself refuted the argument which contends that, had it been designed to grant so important a power as that of erecting corporations, it would have been mentioned. But this argument is founded on an exaggerated and erroneous conception of the nature of the power. It is not of so transcendent a kind as the reasoning supposes. Viewed in a just light, it is a *mean* which ought to

have been left to implication, rather than an end which ought to have been expressly granted."

"The power of the government then to create corporations in certain cases being shown, it remained to inquire into the right to incorporate a banking company in order to enable the more effectually to accomplish *ends* which were in themselves lawful."

"To establish such a right it would be necessary to show the relation of such an institution to one or more of the specified powers of government."

"It was then affirmed to have a relation more or less direct to the power of collecting taxes, to that of borrowing money, to that of regulating trade between the states, to those of raising, supporting, and maintaining fleets and armies; and in the last place to that which authorizes the making of all needful rules and regulations concerning the property of the United States, as the same had been practised upon by the government."

The Secretary of the Treasury next proceeded, by a great variety of arguments and illustrations, to prove the position that the measure in question was a proper mean for the execution of the several powers which were enumerated, and also contended that the right to employ it resulted from the whole of them taken together. To detail those arguments would occupy too much space, and is the less necessary because their correctness obviously depends on the cor-

rectness of the principles which have been already stated.—*Marshall's Life of Washington, vol. 5, Appendix No. 3.*

The opinion of each minister was considered by the President with all that attention which the magnitude of the question, and the interest taken in it by the opposing parties, so eminently required. This deliberate investigation of the subject terminated in a conviction, that the constitution of the United States authorized the measure, and the sanction of the Executive was given to the act by George Washington, July 25, 1791.—*Substance of Marshall's Life of Washington, v. 5, p. 297.*

About the time the bank went into operation, the French revolution broke out. This event produced an increased demand, and an increased price for our agricultural productions. Owing to the facilities afforded by the bank to the trading community, added to the judicious provisions of the act of congress of July 20, 1790, imposing a duty of 50 cents a ton upon all foreign vessels, entering any port of the United States, while a duty of only six cents a ton was laid on American built vessels, and owned wholly by a citizen or citizens of the United States, the products of our soil, which had before been in a languishing condition, met with a brisk and profitable sale; and our commerce, about one half of which had before been engrossed by foreigners, was almost exclusively secured to our own citizens. In the language of Doctor Seybert, the system seemed to ope-

rate like magic in favour of the shipowners of the United States.

Great advantages, and beneficial results, in consequence of the establishment of a National Bank, were generally experienced by the government, and by every class of community, during the continuance of its charter,—the public funds were kept in a safe depository,—the credit of the nation was established upon a firm and solid basis,—the demands of public creditors were promptly paid, at places convenient to them, and in a currency equal to gold or silver,—the government realized a profit of \$671,360 on the sale of two millions of its stock.—A salutary restraint was exercised upon state banks, as to the amount of their issues, and as to a failure in promptly redeeming their bills in specie.—A reasonable amount of circulating medium was afforded to the community, whereby the industry of the country was brought into profitable and successful operation, and a steady, uniform, and safe currency was afforded to every one.

The business *done by the bank*, afforded a handsome profit to the stockholders; the average annual dividends from the commencement of the establishment, to January 1st, 1809, inclusive, amounting to eight and two-thirds per centum.

The corporation expired on the 4th of March, 1811.

The amount of capital was refunded to the stockholders in the following instalments,—viz :

On the 1st of June, 1812,	70 per cent.
1st of October, 1812,	18 “
1st of April, 1813,	7 “
3d of April, 1815,	5 “

100 per cent.

On the 28th of February, 1817, a further dividend of 4 per centum was made : another dividend was to be made, the amount of which has not been ascertained.

On the 4th of March, 1816, it was stated, that of the notes issued by the bank and its several branches, there remained in circulation

of post and bank notes,	\$76,603
bank notes,	140,557

Dollars, 217,160

It was supposed that the greater part of these had either been lost or destroyed, and would never be presented for payment.

On the 26th March, 1808, a memorial of the stockholders of the Bank of the United States, petitioning for a renewal of their charter, was presented to the house of representatives. The subject was not definitely acted upon during the session. On the 20th of April, 1808, a similar memorial was presented to the senate of the United States, who ordered “that the same be referred to the Secretary of the Treasury, to consider and report thereon at the next session of congress.”

On the 2d of March, 1809, Mr. Gallatin, then Secretary of the Treasury, made a report upon the subject; and *in favour of a renewal* of the charter. After giving a detailed statement of the general operations of the bank, he says—
 “It sufficiently appears from that general view, that the affairs of the bank of the United States, considered as a moneyed institution, have been wisely and skilfully managed.”

“The advantages derived by government from the bank, are nearly of the same nature with those obtained by individuals, who transact business with similar institutions, and may be reduced to the following heads.”

1st. “*Safe keeping of the public moneys.* This applies not only to moneys already in the Treasury, but also to those in the hands of the principal collectors, of the commissioners of the loans, and of several other officers, and affords one of the best securities against delinquencies.”

2d. “*Transmission of public moneys.* As the collections will always, in various quarters of the extensive territory of the Union, either exceed or fall short of the expenditures in the same places, a perpetual transmission of money, or purchase of remittances at the risk and expense of the United States, would become necessary, in order to meet those demands; but this is done by the bank at its own risk and expense, for every place where one of its branches is established, which embraces all payments of any importance.”

3d. “*Collection of the revenue.* The punctu-

ality of payments, introduced by the banking system, and the facilities afforded by the bank to the importers indebted for revenue bonds, are amongst the causes which have enabled the United States to collect with so great facility, and so few losses, the large revenue derived from the impost."

4th. "*Loans.* Although the prosperity of past years has enabled government, during the present administration, to meet all the public demands, without recurring to loans, the bank had, heretofore, been eminently useful in making the advances, which, under different circumstances, were necessary. There was a time when, exclusively of the six per cent. stock held by the institution, as a part of the original subscription, the loans obtained by government from the bank amounted to 6,200,000 dollars. And a similar disposition has been repeatedly evinced, whenever the aspect of public affairs has rendered it proper to ascertain whether new loans might, if wanted, be obtained."

"The numerous banks now established, under the authority of the several states, might, it is true, afford considerable assistance to government in its fiscal operations. There is none however, which could effect the transmission of public moneys with the same facility, and to the same extent, as the Bank of the United States is enabled to do, through its several branches. The superior capital of that institution offers also a greater security against any possible losses, and greater resources in relation to loans. Nor is it eligible, that the general go-

vernment should, in respect to its own operations, be entirely dependent on institutions over which it has no control whatever. A National Bank, deriving its charter from the national legislation, will, at all times, and under every emergency, feel stronger inducements, both from interest and from a sense of duty, to afford to the Union every assistance within its power."

The Secretary of the Treasury then suggests some modifications of the original charter. One of which was, that the bank pay a bonus to government of \$1,250,000. The reasons offered in favour of that measure was, that the bank had, and perhaps would declare, an annual dividend of $8\frac{1}{2}$ per cent., being a difference of $2\frac{1}{2}$ per cent. between the annual bank dividends, and the market value of money,—this excess of interest, would amount, in twenty years, to about \$2,890,000. This amount, however, (says Mr. Gallatin,) would be much more than any bank would give for a charter, as it would leave it nothing but the right of dividing six per cent. a year, which the stockholders have without a charter.

The Secretary of the Treasury further suggested that in the event of no bonus being paid, and as a general measure of public utility.

I. "That the bank should pay interest to the United States, on the public deposits, whenever they shall exceed a certain sum which might perhaps be fixed at about three millions of dollars."

II. "That the bank should be bound, when-

ever required, to lend to the United States a sum not exceeding three fifths of its capital, at a rate of interest not exceeding six per cent.; the amount of such loan or loans to be paid by the bank in instalments, not exceeding a certain sum, monthly, and to be reimbursed at the pleasure of the government."

III. "That the capital stock of the bank should be increased to thirty millions of dollars in the following manner, viz.

1st, "Five million of dollars to be subscribed by citizens of the United States, under such regulations as would make an equitable apportionment amongst the several states and territories."

2d, "Fifteen millions to be subscribed by such states as may desire it, and under such equitable apportionment amongst the several states as may be provided by law; and a branch to be established in each subscribing state, if applied for by the state."

3d, "The payments, either by individuals or states, to be either in specie or in public stock of the United States, at such rates as may be provided by law."

4th, "The subscribing states to pay their subscription in ten annual instalments, or sooner if suits their convenience, but to receive dividends in proportion only to the amount of subscription actually paid; and their share of bank stock not to be transferable."

IV. "That some share should be given in the direction to the general and state governments; the general government appointing a

few directors in the general directions, and the government of each subscribing state capital appointing a few directors in the direction of of the branch established in such state."

The senate do not appear to have acted upon the subject during this session.

On the 18th of December, 1810, the subject was referred in the senate to a select committee consisting of Messrs. Crawford, (Ga.) Leib, (Pa.) Lloyd, (Mass.) Pope, (Ky.) and Anderson, (Ten.) On the 29th January, 1811, the committee addressed a note to the Secretary of the Treasury, requesting him, among other things, "to furnish the committee with the facts and reasonings upon which his opinion has been formed, together with such other information upon the subject, as might be in his possession."

On the 30th of January, 1811, the Secretary of the Treasury addressed a letter to the committee, giving some additional views in favour of a re-charter of the bank, and closed his communication by saying, "the continuation of a bank of the United States, has not, in the view which I have been able to take of the subject, appeared to me to be *unconstitutional*."

On the 5th of February, 1811, Mr. Crawford reported a bill to amend and continue in force, an act entitled, "An Act to incorporate the subscribers to the Bank of the United States:" also a copy of the letter (aforementioned) of the Secretary of the Treasury, of the 30th of January, 1811.

The provisions of the bill are said to have been, in a great measure, conformable to the views of the Secretary of the Treasury. The question on the passage of the bill was debated with warmth and animation for several days. The principal speakers in its favour were Crawford (late Secretary of the Treasury)—Lloyd, (Mass.) Pope, (Ky.) Pickering, (Mass.) and Taylor, (S. C.)—Those in opposition were Anderson, (Ten.) Smith, (Md.) Leib, (Pa.) Giles, (Va.) and Clay, (Ky.)

For a perusal of the speeches delivered on the occasion, the reader is referred to "Legislative and Documentary History of the Bank of the United States," by Gales & Seaton, p. 302 to 446.

Those opposed to a re-charter, urged that the creation of corporations was not authorized by the constitution, and that the bank was unconstitutional—that the article in the constitution giving congress authority "To make all laws which shall be necessary and proper for carrying into execution" the delegated powers, did not warrant the establishment of a bank—that a bank was not "necessary" in the sense of the constitution, to carry into effect the collection of the revenue—that state banks could be employed as a public depository—that the bank was an aristocratic institution, and calculated to acquire an influence, inimical to our republican institutions—that foreigners held a large amount of the stock, and in case of war, the stockholders might exercise an influence dangerous to the government—that state banks could supply all

the wants of government on any emergency, and that the resources of the country, added to the patriotism of the people, were a sufficient guaranty against sudden embarrassments.

Those in favour of a re-charter urged, that the right of the national government to charter a bank, as a fiscal agent to the government, was clearly one of the incidental powers of congress—that Mr. Jefferson, who was at first strenuously opposed to it upon constitutional grounds, had virtually assented to its constitutionality, by signing a bill establishing a branch at New-Orleans.—That the bank was indispensably necessary to the successful operations of the Treasury—that as congress had no control over the state banks, the government would be subject to such regulations as they might prescribe, and moreover that the public funds might not always be safe in such institutions. That inasmuch as the general government would have a reasonable control over a bank of their own creation, it would exercise a salutary influence over state banks, in restraining them from an excessive issue, and from failing to promptly redeem their bills in specie—that the idea of a bank being an aristocratic institution, was wholly fallacious, inasmuch as the stock was owned by any one who might wish to purchase it; and that self-interest alone, on the part of the bank, would restrain it from entering into any combination, unfriendly to the interests and liberties of the people, and that of itself was a sufficient guaranty to the people on that

head—that it was impossible for foreign stockholders to exercise any direct or indirect influence, inasmuch as they could not even vote for directors, and that in case of war, foreigners would furnish us with the necessary weapons to fight them with—that wisdom and prudence dictated the policy of fostering, as far as possible, all our moneyed resources, preparatory to a war in which we might be engaged, and with which we were then threatened, by the great contending powers of Europe—that in the event of a war, and without a national bank, the United States would be destitute of the necessary means to carry it on—that no reliance could be placed upon state banks, and that the government would be completely at the mercy of speculators.

On the 20th of February, 1811, the question, on a motion of Mr. Anderson, to strike out the enacting clause, was decided as follows :

Those who voted in the affirmative were,

Messrs. Anderson,	Messrs. Gregg,
Campbell,	Lambert,
Clay,	Leib,
Cutts,	Mathewson,
Franklin,	Reed,
Gaillard,	Robinson,
German,	Smith, (of
Giles,	Maryland)
Whiteside,	Worthington.

Those who voted in the negative were,

Messrs. Bayard,	Messrs. Horsey,
Bradley,	Lloyd,
Brent,	Pickering,
Champlin,	Pope,
Condict,	Smith, (of
Crawford,	New-York)
Dana,	Tait,
Gilman,	Turner, and
Goodrich,	Taylor.—17

The senate being equally divided, the President, (George Clinton,) determined the question in the affirmative; first submitting to the senate the following prefatory remarks:—

“Gentlemen, As the subject on which I am called upon to decide, has excited great sensibility, I must solicit the indulgence of the senate whilst I briefly state the reasons which influence my judgment. Permit me to observe, that the question to be decided does not depend simply upon the right of congress to establish, under any modification, a bank, but upon their power to establish a national bank, as contemplated by this bill. In other words, can they create a body politic and corporate, not constituting a part of the government, nor otherwise responsible to it, but by forfeiture of charter, and bestow on its members privileges, immunities, and exemptions, not recognised by the laws of the States, nor enjoyed by the citizens generally?

“It cannot be doubted that congress may pass all necessary and proper laws for carrying

into execution the powers specifically granted to the government or to any department or officer thereof; but, in doing so, the means must be suited and subordinate to the end. The power to create corporations is not expressly granted; it is a high attribute of sovereignty, and in its nature not accessorial or derivative by implication, but primary and independent.

“ I cannot believe that this interpretation of the constitution will, in any degree, defeat the purpose for which it was formed; on the contrary, it does appear to me that the opposite exposition has an inevitable tendency to consolidation, and affords just and serious cause of alarm.

“ In the course of a long life, I have found that government is not to be strengthened by an assumption of doubtful powers; but by a wise and energetic execution of those which are incontestible; the former never fails to produce suspicion and distrust, whilst the latter inspires respect and confidence.

“ If, however, after a fair experiment, the powers vested in the government shall be found incompetent to the attainment of the objects for which it was instituted, the constitution happily furnishes the mean for remedying the evil by amendment, and I have no doubt that, in such event, on an appeal to the patriotism and good sense of the community, it will be wisely applied.

“ I will not trespass upon the patience of the senate any longer than to say, from the best examination I have been able to give the sub-

ject, I am constrained, by a sense of duty, to decide in the affirmative ; that is, that the first section of the bill be stricken out."

It may be worthy of remark, that the bank of 1791, was incorporated by the then federal party ; that on the political revolution of 1800, the question became identified, in some measure, with the political parties of the day, and that two, (Mr. Jefferson and Mr. Madison,) among the early, and most strenuous opposers of the measure, had successively filled the executive chair. How far these considerations affected the final destiny of the bank, the reader must judge for himself: doubtless, they were not without their influence. The seventeen who voted in favour of striking out the enacting clause, are said to have all belonged to the political party called " Democrats." Of the seventeen who voted in the negative, six are said to have been " Federalists," and eleven " Democrats," among whom was Mr. H. Wm. Crawford, Secretary of the Treasury under Mr. Monroe, and late a candidate for the presidency of the United States.

Proceedings in the House of Representatives.

January 29, 1810.

On motion of Mr. Seybert, Ordered, That the memorial of the stockholders of the Bank of the United States, presented on the 26th March, 1808, be referred to Mr. Montgomery, Mr. Dana, Mr. Basset, Mr. Seybert, Mr. Gold, and

Mr. Taylor, to consider and report thereon to the House.

On the 19th February, 1810, Mr. Montgomery, from the committee appointed on the 29th ultimo, made a report upon the subject referred to them, accompanied with the Resolution, viz.

“That it is proper to make provision for continuing the establishment of the Bank of the United States, with offices of discount and deposite, under the regulations necessary for the beneficial administration of the national finances, during such time and on such conditions, as may be defined by law.

“February 22d, 1810. Mr. Love moved the following resolution,

“Resolved, That it is expedient to inquire into the propriety of establishing a National Bank, which was referred to a committee of the whole house.”

“March 22d, 1810, On motion of Mr. Love, Ordered, That the committee of the whole house be discharged from the consideration of the forgoing resolution, and that the same be referred to Mr. Love, Mr. Montgomery, Mr. Smilie, Mr. Quincy, Mr. Desha, Mr. Root, and Mr. Marion.”

“April 2d, 1810, Mr. Love, from the committee appointed March 22d, 1810, of which he was chairman, made a further report, accompanied with a ‘Bill to establish a National Bank.’”

Some amendments and additions were offered, but no definite question was taken upon the bill during this session of congress.

Eleventh Congress. Third Session,

December 19, 1810.

“ Mr. Findly presented a petition of the stockholders of the Bank of the United States, praying the renewal of the charter of incorporation, which was read, and ordered to be referred to a select committee, of which Mr. Burwell was chairman.”

January 4, 1811. Mr. Burwell, from said committee, reported a bill, with certain modifications, continuing, for a further time, the charter of the Bank of the United States.

It seems that the bill reported by Mr. Love, during the preceding session of congress, was abandoned. The provisions of the bill reported by Mr. Burwell, required of the bank, in addition to the obligations contained in the charter of 1791, to pay a bonus to government of one million two hundred and fifty thousand dollars, to loan to the government, at any one time, on three months' notice, a sum not exceeding five millions of dollars, and at a rate of interest not exceeding six per cent. The bank to pay interest of three per cent. on government deposits exceeding ——— millions of dollars. That the United States be authorized to increase the capital of said bank, and be the owner of the same in a sum not exceeding ———, and that the twelfth section of the charter of 1791, pledging the faith of the nation to incorporate no other bank, be repealed.

The bill was debated in the house of representatives from the 4th to the 24th of January,

1811, when on a question of indefinite postponement, there were for the affirmative, 65; for the negative, 64; so the Bill was lost by a majority of one vote.

The arguments in the House both for and against the bill, were similar to those in the senate.

The Bank Charter expired on the 4th of March, 1811. In the month of June, 1812, the general government declared war against Great Britain, and in a short time, more than all the disasters to the country, predicted by the supporters of the bank, in consequence of its dissolution, were verified. We soon learned, from sad experience, that although pretended wise legislators could form new plans of finance on *paper*, which, to some would *appear* quite plausible; still on trial, like Redheffer's perpetual motion, one, and the most essential thing, was wanting—the machinery would not work. For a faithful history of the consequences arising to the government, and to the country in general, on account of the want of an institution, which only could preserve a sound circulating medium, the attention of the reader is particularly invited to the following extracts from the "Report of Committee of Ways and Means," made in congress, April 13, 1830.*

* It may be worthy of remark, that the committee are said to have been unanimous in their report, and that a majority of them were supporters of President Jackson, or what were termed, "Jacksonmen."

“ In less than three years after the expiration of the charter—the war with Great Britain having taken place in the mean time—the circulating medium became so disordered, the public finances so deranged, and the public credit so impaired, that the enlightened patriot, Mr. Dallas, who then presided over the Treasury Department, with the sanction of Mr. Madison, and, as it is believed, every member of the cabinet, recommended to congress the establishment of a national bank, as the only measure by which the public credit would be revived, and the fiscal resources of the government redeemed from a ruinous, and otherwise incurable embarrassment : and such had been the impressive lesson taught by a very brief, but fatal experience, that the very institution, which had been so recently denounced and rejected by the republican party, being now recommended by a republican administration, was carried through both branches of congress, as a republican measure, by an overwhelming majority of the republican party. It is true that Mr. Madison did not approve and sign the Bill which passed the two Houses, because it was not such a bill as had been recommended by the Secretary of the Treasury, and because the bank it proposed to create was not calculated, in the opinion of the President, to relieve the necessities of the country. But he premised his objections to the measure, by “ waving the question of the constitutional authority of the legislature to establish an incorporated bank, as being precluded, in his opinion, by repeated re-

cognitions, under varied circumstances, of the validity of such an institution in acts of the legislative, executive, and judicial branches of the government, accompanied by indications, in different modes, of a concurrence of the general will of the nation.

“ Another bill was immediately introduced, and would, in all probability, have become a law, had not the news of peace, by doing away the pressure of the emergency, induced congress to suspend further proceedings on the subject until the ensuing session. At the commencement of that session, Mr. Madison invited the attention of congress to the subject, and Mr. Dallas again urged the necessity of establishing a bank to restore the currency, and facilitate the collection and disbursement of the public revenue ; and so deep and solemn was the conviction, upon the minds of the public functionaries, that such an institution was the only practicable means of restoring the circulating medium to a state of soundness, that, notwithstanding the decided opposition of all the state banks and their debtors ; and, indeed the whole debtor class of the community, the act incorporating the present Bank of the United States was passed by considerable majorities in both branches of congress, and approved by Mr. Madison.

“ This brief history of the former and present bank forcibly suggests a few practical reflections. It is to be remarked, in the first place, that, since the adoption of the constitution, a bank has existed, under the authority of the federal government, for thirty-three out of forty

years; during which time, public and private credit have been maintained, at an elevation equal to what has existed in any nation in the world: whereas, in the two short intervals, during which no national bank existed, public and private credit were greatly impaired, and, in the latter instance, the fiscal operations of the government were almost entirely arrested. In the second place, it is worthy of special notice, that, in both the instances in which congress has created a bank, it has been done under circumstances calculated to give the highest authority to the decision. The first instance, as has already been remarked, was in the primitive days of the republic, when the patriots of the revolution, and the sages of the federal convention, were the leading members both of the executive and legislative councils; and when General Washington, who at the head of her armies, had conducted his country to independence, and at the head of the convention, had presided over those deliberations which resulted in the establishment of the present constitution, was the acknowledged President of a people, undistracted by party divisions. The second instance was under circumstances of a very different, but equally decisive character. We find the very party, which had so recently defeated the proposition to renew the charter of the old bank, severely schooled both by adversity and experience, magnanimously sacrificing the pride of consistency, and the prejudices of party, at the shrine of patriotism. It may be said, without disparagement, that an assembly

of higher talent and purer patriotism has never existed, since the days of the revolution, than the congress by which the present bank was incorporated. If ever a political party existed, of which it might be truly said, that "all the ends they aimed at were their country's," it was the republican party of that day. They had just conducted the country through the perils of a war, waged in defence of her rights and honour, and elevating their views far above the narrow and miserable ends of party strife, sought only to advance the permanent happiness of the people. It was to this great end, that they established the present bank.

"In this review, it will be no less instructive than curious, to notice some of the changes made in the opinions of prominent men, yielding to the authority of experience. Mr. Madison, who was the leading opponent of the bank created in 1791, recommended and sanctioned the bank created in 1816; and Mr. Clay, who strenuously opposed the renewal of the charter, 1811, as strenuously supported the proposition, to grant the charter, 1816.

"Soon after the expiration of the charter of the first Bank of the United States, an immense number of local banks sprung up under the pecuniary exigencies produced by the withdrawal of so large an amount of bank credit, as necessarily resulted from the winding up of its concerns—an amount falling very little short of fifteen millions of dollars. These banks being entirely free from salutary control, which the Bank of the United States had recently exer-

cised over the local institutions, commenced that system of imprudent trading and excessive issues, which speedily involved the country in all the embarrassments of a disordered currency. The extraordinary stimulus of a heavy war expenditure, derived principally from loans, and a corresponding multiplication of local banks, chartered by the double score in some of the States, hastened the catastrophe which must have occurred, at no distant period, without these extraordinary causes. *The last year of the war presented the singular and melancholy spectacle of a nation abounding in resources, a people abounding in self-devoting patriotism, and a government reduced to the very brink of avowed bankruptcy, solely for the want of a national institution, which, at the same time that it would have facilitated the government loans and other treasury operations, would have furnished a circulating medium of general credit in every part of the Union.* In this view of the subject, the committee are fully sustained by the opinion of Mr. Dallas, then Secretary of the Treasury, and by the concurring and almost unanimous opinion of all parties in congress: for whatever diversity of opinion prevailed, as to the proper basis and organization of a bank, almost every one agreed that a national bank, of some sort, was indispensably necessary to rescue the country from the greatest of financial calamities. The committee will now present a brief exposition of the state of the currency at the close of the war: of the injury which resulted from it as well as to the government as to the community; and

their reasons for believing that it could not have been restored to a sound condition, and cannot now be preserved in that condition, without the agency of such an institution as the Bank of the United States.

“ The price current appended to this report will exhibit a scale of depreciation in the local currency, ranging, through various degrees, to twenty, and even twenty-five per cent. Among the principal eastern cities, Washington and Baltimore were the points at which the depreciation was the greatest. The paper of the banks in these places was from twenty to twenty-two per cent. below par. At Philadelphia, the depreciation was considerably less, though, even there, it was from seventeen to eighteen per cent. In New-York and Charleston, it was from seven to ten per cent. But in the interior of the country, where banks were established, the depreciation was even greater than at Washington and Baltimore. In the western part of Pennsylvania, and particularly at Pittsburgh, it was twenty-five per cent. These statements, however, of the relative depreciation of bank paper, at various places, as compared with specie, give a very inadequate idea of the enormous evil inflicted upon the community by the excessive issues of bank paper.

“ A very serious evil already hinted at, which grew out of the relative depreciation of bank paper, at the different points of importation, was its inevitable tendency to draw all the importations of foreign merchandise to the cities where the depreciation was the greatest, and divert them from those where the currency was

comparatively sound. If the Bank of the United States had not been established, and the government had been left without any alternative but to receive the depreciated local currency, it is difficult to imagine the extent to which the evasion of the revenue laws would have been carried. Every State would have had an interest to encourage the excessive issues of its banks, and increase the degradation of its currency, with a view to attract foreign commerce. Even in the condition which the currency had reached, 1816, Boston, and New-York, and Charleston, would have found it advantageous to derive the supplies of foreign merchandise through Baltimore; and commerce would, undoubtedly, have taken that direction, had not the currency been corrected. To avoid this injurious diversion of foreign imports, Massachusetts, and New-York, and South Carolina, would have been driven, by all motives of self-defence and self-interest, to degrade their respective currencies at least to a par with the currency of Baltimore; and thus a rivalry in the career of depreciation would have sprung up, to which no limit can be assigned. As the tendency of this state of things would have been to cause the largest portion of the revenue to be collected at a few places, and in the most depreciated of the local currency, it would have followed that a very small part of that revenue would have been disbursed at the points where it was collected. The government would consequently have been compelled to sustain a

heavy loss upon the transfer of its funds to the points of expenditure. The annual loss which would have resulted from these causes alone cannot be estimated at a less sum than *two millions of dollars*.

“ But the principal loss which resulted from the relative depreciation of bank paper at different places, and its want of general credit, was that sustained by the community in the great operations of commercial exchange. The extent of these operations annually, *may be safely estimated at sixty millions of dollars*. Upon this sum the loss sustained by the merchants, and planters, and farmers, and manufacturers, was not, probably, less than an average of ten per cent., being the excess of the rate of exchange between its natural rate, in a sound state of the currency, and beyond the rate to which it has been actually reduced by the operations of the Bank of the United States. It will be thus perceived, that an annual tax of six millions of dollars was levied from the industrious and productive classes by the large moneyed capitalists in our commercial cities, who were engaged in the business of broke rage.

“ It is impossible to form any thing like an accurate estimate of the injuries and losses sustained by the community, in various ways, by the disorders and fluctuations of the currency, in the period which intervened between the expiration of the old bank charter, and the establishment of the present bank. But some tolerable notion may be formed of the losses sustained

by the government in its fiscal operation during the war."*

"The committee have given this part of the subject an attentive and careful examination; and they cannot estimate the pecuniary losses of the government, sustained exclusively for the want of a sound currency and an efficient system of finance, at a sum less than FORTY-SIX MILLIONS OF DOLLARS. If they shall make this apparent, the House will have something like a

* During the period here alluded to by the committee, the compiler of this work held the office, under the government of the United States, of collector of direct taxes and internal duties, for the twenty-seventh collection district of the state of New-York; and can bear ample testimony, from his own experience, of the disordered state of the currency. In his district, such was the want of confidence, at particular times, in the usual circulating medium, that a person receiving a dollar bill in the morning, would part with it, if possible, before noon—if received at noon, he would part with it before night. For the purposes of small change, individuals issued their own bills, from 2 to 87½ cents—the possession of a piece of coin, say a 6, 25, or 50 cent piece, was almost a curiosity; and such was the want of confidence in what *passed for money*, that a person could scarcely travel from one town to another, with the same bills. The compiler was required by the Secretary of the Treasury, to receive no bills in the payment of taxes or duties, except such as were current, and would be received in deposit at the banks in the city of New-York; and he has frequently known a poor man, who kept a small grocery or tavern, for the support of himself and family, on paying from fifteen to twenty-five dollars for a license, be obliged to pay a discount of 5 to 15 per cent. on what he received as money at par, in order to furnish me with such money as I could receive. This state of things continued in a greater or less degree, until the year 1818, when the United States Bank came into successful operation; since which time, mutual confidence and a sound circulating medium has generally pervaded the whole community.

standard for estimating the individual losses of the community.”

“The government borrowed, during the short period of the war, eighty millions of dollars, *at an average discount of fifteen per cent.*, giving certificates of stock, amounting to eighty millions of dollars, in exchange for sixty-eight millions of dollars, in such bank paper as could be obtained. In this statement, treasury notes are considered as stock, at twenty per cent. discount. Upon the very face of the transaction, therefore, there was a loss of twelve millions of dollars, which would, in all probability, have been saved, if the treasury had been aided by such an institution as the Bank of the United States. But the sum of sixty-eight millions of dollars, received by the government, was in a depreciated currency, not more than half as valuable as that in which the stock given in exchange for it, has been and will be redeemed. Here, then, is another *loss of thirty-four millions*, resulting, incontestibly and exclusively, from the depreciation of the currency, and making, with the sum lost by the discount, *forty-six millions of dollars*. While, then, the government sustained this great pecuniary loss in less than three years of war, amounting, annually, to more than the current expenses of the government in time of peace, it is worth while to inquire who were the persons who profited to this enormous amount by the derangement of the currency? It will be found that the whole benefit of this speculation upon the necessities of the government was realized

by stockjobbers and money brokers—the very same class of persons who profited so largely by the business of commercial exchanges, in consequence of the disorders of the currency ; and who have the same interest in the recurrence of those disorders as lawyers have in litigation, or physicians in the diseases of the human frame. Having presented these general views of the evils which existed previous to the establishment of the Bank of the United States, it remains for the committee to inquire how far this institution has effected a remedy of those evils ?”

The compiler regrets that the limits of this work will not admit of the entire insertion of this valuable document. He must, therefore, content himself with giving the substance of the remainder. It may be proper to observe, that this report grew out of a reference to the committee of ways and means of a certain part of the annual Message of President Jackson, of December, 1830, in which he says :

“The charter of the Bank of the United States expires in 1836, and its stockholders will, most probably, apply for a renewal of their privileges. In order to avoid the evils resulting from precipitancy, in a measure involving such important principles, and such deep pecuniary interests, I feel that I cannot, in justice to the parties interested, too soon present it to the deliberate consideration of the legislature and the people.

Both the constitutionality and the expediency of the law creating this bank, are well questioned by a large portion of our fellow-citizens ; and it must be admitted by all, that it has failed in the great end of *establishing a uniform and sound currency.*

“ Under these circumstances, if such an institution is deemed essential to the fiscal operations of the government, I submit to the wisdom of the legislature whether a national one, *founded upon the credit of the government, and its revenues,* might not be devised, which would avoid all constitutional difficulties ; and, at the same time, secure all the advantages to the government and country that were expected to result from the present bank.”

Speaking of the bank having “ failed in the great end of establishing a uniform currency,” the committee proceed to show, that, compared with an exclusively metallic currency, “ *it has actually furnished a circulating medium more uniform than specie.*” Say, for example, that a person were to ship an article from Boston to New-Orleans, and to receive the avails in Boston, the place of shipment,—the article being sold in New-Orleans, and payment made there, the seller would have to be at the expense of either purchasing a bill on some house in Boston, or of shipping the specie to that place, which would cost, including insurance, two or three per cent.—the expenses of land transportation would be much greater.—The same rule would apply, if a person were to purchase cotton or any other staple article in New-Orleans, or at any other distant place, for

the Boston or New-York market. The United States Bank usually transmits funds from one extreme part of the Union to another (and none but a similar institution could do it), for half to three-fourths of one per cent., thereby rendering bank facilities, in transactions of this kind, worth at least two per cent. more than specie. It may be worthy of further remark, that the trader always takes into his calculation of expenses, profit and loss, the cost of transmitting funds from one place to another; and that, whatever may be the amount, does not usually come out of the trader, but out of the producer; so that, as a general rule, a farmer from the north, or a planter from the south, if the difference of exchange be two per cent., would in reality pay that amount as a tax, from which he would be otherwise exempt, if exchange were at par.

Again, the notes of any of the branches are receivable at all places in the United States, in payment of debts due the government; so far, therefore, as any transaction of this kind is concerned, they are equal in every point of view to specie. It is true, each branch redeems only its own bills—that is, one branch does not usually redeem the bills of another. By reference to the charter, it will be perceived, that the bank is not subject to such a requisition.—Its framers evidently never intended it—the public had no just grounds to expect it.—Moreover, a little reflection will satisfy any one that the bank could not, in justice to itself, adopt such a measure; and had such a requirement been contained in the charter, it would have defeated the very ob-

ject in view—the establishment of a national bank—the stock would not have been subscribed for.—By way of illustrating this position, it may be proper to state, that the parent bank is located in Philadelphia—that it has about twenty branches located at different parts of the Union—each branch has such an amount of capital assigned to it, as the parent bank thinks can be profitably employed; varying from 150,000 to 2,500,000 dollars. Now, suppose each branch to attempt to redeem the notes issued by all the others—the branch at Portsmouth, with a capital of say 200,000 dollars, might be called upon to redeem 70,000,000 dollars, being one dollar stock to redeem every thirty-five thousand dollars in bills issued. This, it is admitted, would be an extreme case, and not within the range of probabilities; still it would be among the possibilities, and goes to show, that a bank with a number of branches never could, as a general rule, redeem its bills only at the place where made payable. The capital stock being divided among a number of branches at different parts of the Union, its liabilities must be divided in the same proportion—were this not done, there would not be the least difficulty, should some wealthy and ill-disposed person feel so inclined, in breaking some branch, or draining it of its specie, every week, nay, every day. The bank, says the committee, did attempt, on its first organization, “to indiscriminately redeem all its bills;” and this was one of the principal causes that led to so serious an embarrassment of the institution in 1819, that congress found

it necessary, during that year, to examine into its proceedings. "No one who participated in debate pretended to allege that the bank was bound to redeem its bills indiscriminately, or that it was expedient that it should do so. The most that any one did, was to apologize for the unwise attempt."

Restoration of Specie Payments.

The committee proceed to say, that "the salutary agency of the Bank of the United States, in furnishing a sound and uniform currency, is not confined to that portion of the currency which consists of its own bills. One of the most important purposes which the bank was designed to accomplish, and which, it is confidently *believed, no other human agency could have effected, under our federative system of government, was the enforcement of specie payments on the part of numerous local banks, deriving their charters from the several states, and whose paper irredeemable in specie, and illimitable in its quantity, constituted the almost entire currency of the country.*

"The committee are aware that the opinion is entertained by some, that the local banks would, at some time or other, either voluntarily, or by the coercion of the state legislatures, have resumed specie payments. In the very nature of things, this would seem an impossibility. It must be remembered, that no banks ever made such large dividends as were realized by the

local institutions, during the suspension of specie payments. A rich and abundant harvest was open to them, which the resumption of specie payments must inevitably blast."

The committee proceed to give other reasons, showing that, without the aid of such an institution as a national bank, to enforce the resumption of specie payments, state banks never could and never would have come into the measure. Among other things, it said, that there being as it were, more than twenty distinct sovereignties, all having different local interests, without any general control of the whole, no effectual legislative measures could have been adopted; that if a few state banks had attempted a resumption of specie payments, they must have largely curtailed their discounts, the effect of which would have been, to distress their stated customers—that a majority of the community were either directly or indirectly interested in sustaining an unsound currency: inasmuch as the remedy, unless general, would be worse than the disease; and finally, that the United States Bank stepped in, affording a sound circulating medium instead of an unsound one; and, in consequence of the importation of seven or eight millions of dollars in specie from Europe, at an expense of about half a million, a sound currency was restored to community.

Renewal of the Bank Charter.

“Although (as the committee say) the expediency of renewing the charter of the present

bank is not a question now (1830) submitted for the decision of congress, the committee consider it so far involved in the matter referred to them as to render it their duty to present some considerations bearing on that question, in addition to what they have said on the general expediency of maintaining such an institution."

The committee state that foreigners own about seven millions of the stock—that of the amount owned in the United States, about two millions are held by persons owning upwards of one hundred thousand dollars each—that persons owning less than five thousand dollars each, hold four millions, six hundred and eighty-two dollars; and that persons owning between five and ten thousand dollars each, hold upwards of three millions. That nearly six millions *is held by trustees and guardians for the use of females and orphan children, and charitable and other institutions.*

Of the twenty-eight millions of the stock which is owned by individuals, only three millions, four hundred thousand is now held by *the original subscribers.* All the rest has been purchased at the market price—a large portion of it, probably, when those prices were higher than at present, (20 per cent.)

Speaking of the stock being owned by men of large capital, the committee say: "But, the objection that the stock is owned by men of large capital, would apply with equal, if not greater force, to any bank that should be organized. In the very nature of things, men who have large

surplus capitals are the principal subscribers at the first organization of a bank. Farmers and planters, merchants and manufacturers, having an active employment for their capitals, do not choose to be the first adventurers in a bank project. Accordingly, when the present bank went into operation, it is believed that most of the capital was owned by large capitalists, and under a much more unequal distribution than exists at present. The large amount of stock now held in trust for females and minors, has been principally, if not entirely, purchased since the bank went into operation; and the same remark is generally applicable to the stock in the hands of small holders. It is *only when the character of a bank is fully established*, and when its stock assumes a steady value, that these descriptions of persons make investments in it.

“It is morally certain, therefore, that, if another distinct institution were created, on the expiration of the present charter, there would be a much greater portion of its capital subscribed by men of large fortunes, than is now owned by persons of this description, of the stock of the United States Bank. *Indeed, it might be confidently predicted, that the large capitalists who now hold stock in that bank, would, from their local position and other advantages, be the first to forestall* the subscriptions to the new bank, while the small stockholders, scattered over the country, would be probably excluded; and the females and minors, and others interested in trust investments, made by decrees in equity, would be

almost necessarily excluded, as the sanction of a court could scarcely be obtained, after the passage of the new act of incorporation.

“To destroy the existing bank, therefore, after it has rendered such signal services to the country, merely with a view to incorporate another, would be an act rather of cruelty and caprice, than of justice and wisdom, as it regards the present stockholders. It is no light matter to depreciate the property of individuals, honestly obtained, and usefully employed, to the extent of five millions, six hundred thousand dollars, and the property of the government, to the extent of one million, four hundred thousand dollars, purely for the sake of change. It would indicate a fondness for experiment which a wise government will not indulge upon slight considerations.”

Speaking of what would be the consequences to the community in not re-chartering the present, or establishing a new one, the committee say :

“But the great injury which would result from the refusal of congress to renew the charter of the present bank, would, beyond all question, be that which would be the result to the community at large. It would be difficult to estimate the extent of the distress which would naturally and necessarily result from the sudden withdrawal of more than forty millions of credit, which the community enjoys from the bank. But this would not be the full extent of the operation. The Bank of the United States, in winding up its concerns, would not only withdraw its own paper from circulation, and call in its debts, but would

unavoidably make such heavy drafts on the local institutions for specie, as very greatly to curtail their discounts. The pressure upon the active, industrious, and enterprising classes, who depend most on the facilities of bank credit, would be tremendous.

“If the Bank of the United States were destroyed, and the local institutions left without its restraining influence, the currency would almost certainly relapse into a state of unsoundness.

“It is due to the persons, who for the last ten years, have been concerned in the administration of the bank, to state, that they have performed the delicate and difficult trust committed to them, in such a manner, as, at the same time, to accomplish the great national ends for which it was established, and promote the permanent interest of the stockholders, with *the least practicable pressure upon the local banks*. As far as the committee are enabled to form an opinion from careful inquiry, the bank has been liberal and indulgent in its dealings with these institutions, and, with scarcely an exception, now stands in the most amicable relation to them. Some of those institutions have borne the most disinterested and unequivocal testimony in favour of the bank.”

Having said thus much on the constitutionality and expediency of an incorporated Na-

tional Bank, the only question which remains to be examined by the committee is the expediency of establishing "a National Bank founded upon the credit of the government and its revenues."*

* It is thought by some that more was meant in this recommendation of President Jackson, than meets the eye:—that the plan of a Government Bank originated in the State of New-York, and is nothing less than a consummation of a vast political engine, of which the New-York "safety fund law" is but a part of the machinery. The following communication has been furnished the compiler with liberty to publish it. The compiler cannot, from his own knowledge, vouch for its accuracy. He however feels himself warranted in saying, that the means of the author in acquiring correct information are not inferior to those of any one in this country; being a gentleman of high literary attainments, of polished manners, of extensive correspondence, and personal intercourse. A gentleman, whose word with all who know him, is not only unquestioned, but unquestionable.

"The bank safety fund law, first conceived by a visionary speculator, is undoubtedly one of the most gigantic schemes of political power, and moneyed monopoly, ever devised and brought into operation in any country. The plan, as is believed, was first unfolded by the projector, to Mr. Van Buren, then Governor of the State of New-York, who discovered in it at once, a mighty engine of political power. The capital of all the banks in the state, amounting to 30 millions of dollars, with the privilege to issue bills to the amount of seventy-five millions, subject to the control of Commissioners of the right political stamp, empowered to examine books and papers—administer oaths to the officers and clerks—enter their vaults and handle their treasures, stop their discounts, and restrain their issues, opened to the aspiring, an avenue to political advancement, more favourable than any ever before contemplated. *In the suppressed language of General Root, on the floor of the Assembly, it conferred a power, greater than that wielded by Philip of Macedon.*

"The sole inventor was despatched from Albany to New-York, where he obtained an audience with some of the presidents, cashiers, and leading officers of the city banks, and then unfolded to them his plan. The owners

It is presumed to have been the intention of the President, in suggesting the inquiry as to a

of bank stock in the city had been seriously alarmed at the severity of the provisions contained in the revised statutes, which seemed to breathe a spirit of hostility towards that class of citizens. Thus situated, the officers of the banks manifested a disposition to enter into some arrangement, whereby their interests should be secured to them, and to make such concessions, in favour of the project, as they could, in justice to themselves. They insisted as the basis of negotiation, that all the obnoxious clauses in the revised statutes, subjecting their concerns to unnecessary exposure and publicity, and rendering them liable without proof, or even participation in the crime, to be punished as felons, should be repealed. There can be no doubt as to the impolicy and injustice of these acts, and the indignation, manifested by the officers of the banks, was wholly justifiable. They were represented, by one of their advocates on the floor of the Assembly, as "occupying their seats at the board of directors with halters about their necks." They insisted in the next place, that the annual tax of a $\frac{1}{2}$ per cent. on their capital which they were obliged by the then existing law to pay should be repealed, and the same transferred to the safety fund: they moreover insisted that they should have the right to charge in advance 7 instead of 6 per cent. on all loans for a period exceeding 63 days. Having obtained the best terms that Wall-street would listen to, the inventor returned to Albany with all convenient despatch, and we soon learn that the whole project is laid before the legislature, accompanied with a recommendation from Governor Van Buren in its favour. The project thus recommended by the Governor, soon became a subject of discussion. Applicants for country banks were pleased, because the safety fund was calculated to give a credit to the bills of their contemplated institutions, That portion of the legislature who had no sympathies for banks, new or old, soon learned that the annual amount of \$150,000 (the amount arising from the tax of $\frac{1}{2}$ a per cent. on the capital of banks) would by the proposed plan be diverted from the *public treasury*, never to be returned, and that in many instances the *borrowers* would have to pay, for the use of money, 7 instead of 6 per cent.,—that this annual loss to the State of \$150,000, would amount, in twenty-five years, to

bank, "founded upon the credit and revenues of the government," to be understood as having

\$3,750,000, and the difference between 7 and 6 per cent. on the loans made by banks would amount during the same period to the further sum of \$7,500,000, making a gross sum in twenty-five years, against the people, of about \$11,250,000, besides interest. Considering the immense sacrifice required, a majority of the legislature shrunk from the price demanded by the banks, as the condition of their uniting in the safety fund partnership. No sooner was it understood that these independent legislators had come to a determination not to release the banks from the State tax of $\frac{1}{2}$ a per cent. than murmurs began to be heard from all quarters; the principle of compelling honest and provident institutions to contribute for the prodigality and fraud of others was inveighed against, with all the effort that language could command. Satire in all forms and shapes was leveled at the inventor and his abettors, and even the influence of the Governor seemed, for a time, to be shaken. A powerful and talented Committee were despatched to Albany by the New-York banks, to represent to the legislature the impolicy of such a law; the tax and safety fund contributions would, as they affirmed, compel them to close their concerns, and havoc and destruction would follow, should the bill pass in the shape proposed. They peremptorily refused, in behalf of the banks, to accept of the renewal of their Charters, and began preparations for winding up their concerns.

"The Governor, after adjusting his matters a little, and bracing himself to the contest, determined to force his favourite measure at all events. The exertions of the regency were put in requisition, and the applicants for new banks soon learned that their fate was to be decided by the fate of the safety fund, and that they must become reconciled to the payment of the $\frac{1}{2}$ a per cent. tax. The regency orators were put forward in the Assembly, and the incalculable benefits of the safety fund, and the tremendous consequences of its rejection, were portrayed, with all the powers of fancy and eloquence.

"These speeches were met by the members from New-York with all the skill they could command—reason, ridicule, and every comparison and simile that invention could contrive, calculated to cast contempt on the project, was brought

allusion to a bank of *discount and deposit*. Such a bank, it is taken for granted, would have

into requisition—but *the influence of the Governor and the regency prevailed*—the law was passed allowing the banks the right to charge 7 per cent. on all loans exceeding 63 days, but continuing the State tax of $\frac{1}{2}$ a per cent., also an additional $\frac{1}{2}$ a per cent. contribution to the safety fund.

“The applicants for new banks having fought manfully in the great battle between the Regency and the New-York Banks, were rewarded by charters with little or no opposition, subject to the provisions of the safety fund—thus ended the session of 1829—the New-York Committee in the mean time having intimated the intention of their banks, if nothing more favourable was granted, to wind up their concerns: they however knew that they had from that time till the convening of the next Legislature, to make arrangements for another campaign. They had a confidence in the influence they could exercise with the country banks, as they would, of course, participate in any measure that would favour the city banks: they had reason to believe that a delegation to the legislature from this city, friendly to their interests would be elected—and they undoubtedly knew that ‘*the Albany Regency*,’ as a measure of policy and interest, rather than incur the opposition of so vast a moneyed influence, would prefer yielding to their demands. The banks were not mistaken; for during the autumn preceding the meeting of the Legislature, the confidential agent of the ‘*Albany Regency*’ had several private interviews with the banks, and the curtain was first raised at the Capital in January, 1830. Governor Throop, in his first annual Message to the Legislature of January 6, says—‘I have reason to believe that the banks in New-York are now prepared to relinquish their opposition to the *safety fund and supervision*, and accept their charters, provided a modification of the harsh features of the revised statutes can be obtained, and the local tax now imposed directly on the banks *be withdrawn, or placed* on the stockholders.’ The acting Governor does not suggest the *repeal* of the tax—it is to ‘*be withdrawn*.’ This term ‘*be withdrawn*,’ was calculated to strike the tympanums of the country members more softly and melliflously, than the grating sound of *repeal*. Conformable to the views of the Governor, Mr. Mann introduced a bill into the Legislature, exempting all *owners* of stock out of

branches established in various parts of the Union, similar to those now established by

the State from taxation, accompanied with bold descriptions of the *immense amount of foreign capital*,* which, in consequence of this provision, would be drawn to our great emporium, and its *indescribable benefits to the people*.

“This being done, it was decreed in council, that an uncompromising war, offensive and defensive, should be waged against the United States Bank, and that a Government Bank, ‘founded upon the credit of the Government, and its revenues,’ should be the only orthodox creed of the ‘republican party.’”

The author of the foregoing article thus closes his communication.

“This, sir, is a faithful history of the origin, progress, and consummation of the safety fund. By its operations the people have gained what they consider a security for the payment of bank bills—They have rendered the State tax of $\frac{1}{2}$ a per cent. on the capital of banks liable to evasion.—They in most cases pay 7 instead of 6 per cent. on bank discounts—and they have conferred on their rulers, whoever they may be, a power, which, in the language of General Root, ‘is greater than that wielded by Philip of Macedon.’

“No blame can be attached to the banks for the course they have pursued—they foresaw that their institutions were to be subjected to new and unheard of exactions, and to be made subservient to views and purposes of political aspirants. Thus situated, they were determined, in the true spirit of money dealers, to be faithful and true to themselves, and to make the best bargain they could.—I do not blame them—I would have done the same. The city banks would have been satisfied with a renewal of their original charters, which gave them 6 per cent. on their loans,—the additional 1 per cent. out of the people is to pay for experiments, new liabilities, &c. The original intention of the ‘Regency’ was, to break down the United States Bank, and to establish a ‘Government Bank’ on its ruins. In that nefarious attempt, their plans have

* President Jackson, in his Veto Message of the United States Bank, July, 1832, expresses great abhorrence at the idea of “foreigners” holding stock in the bank.—Mr. Mann has ever been one of the endorsers of the “Veto Message.”—*Compiler*.

the Bank of the United States, and co-extensive with them.

The great object of furnishing a national currency could not be accomplished, with an approach to uniformity, without the agency of such branches; and another object, second only in importance to the one just stated, the extension of the commercial facilities of bank accommodations to the different parts of the Union, could not be at all effected without such agency. If there should be simply a great central bank established at the seat of government, without branches to connect its operations with the various points of the commerce of the Union, the promise to pay specie for its notes, whenever presented, would be almost

thus far been frustrated. Before the bold, manly, patriotic and eloquent reasonings, contained in the 'Report of the Committee of Ways and Means' upon the subject of a 'Government Bank,' corruption stood appaled, and conspirators trembled. They however do not intend to abandon the project. Their mode of operation is, to put down the United States Bank, by appealing to the ignorance, the prejudices and passions of the people. It is well known that the science of banking and its intricate operations are not well understood by the great majority of the people. They know when a scarcity of money exists, but in general, cannot tell 'whither it cometh nor where it goeth.' They will be goaded on to their own destruction, till great pecuniary distress, in consequence of the banks winding up its concerns, shall have pervaded every class of community. Under these circumstances, the advocates of the measure, watching the prejudices of a certain portion of the community against the establishment of a National Bank, and viewing the distress and embarrassments of every class, will step forward, and, like Governor Marcy, in tender mercy to the sufferings of the people, will propose a Government Bank, as the only true mode of relief."

nominal. Of what consequence would it be to a merchant or a planter of Louisiana, or a manufacturer or farmer of Maine, that he could obtain specie for bills of the National Bank, on presenting them at the city of Washington,—a place wholly unconnected either with Louisiana or Maine, by any sort of commercial intercourse, and where, consequently, these bills would never come in the regular course of trade. A promise to pay specie at a place so remote from the place of circulation, and where the bills would never come but at a great expense, and for the sole purpose of being presented for payment, would neither give credit to the notes, nor operate as an effective check upon excessive issues. Whatever credit such notes might have at a distance from the place of issue, would not be because they were redeemable at the pleasure of the holder, for such would not be the fact; but principally because of the ultimate responsibility of the government, and of their being receivable in payment of all dues to the treasury. They would rest, therefore, upon almost precisely the same basis of credit as the paper money of our revolution, the assignats of revolutionary France, and the treasury notes of the late war. These were receivable in discharge of debts due to the treasury, and the government was of course ultimately responsible for their payment; yet the two former depreciated almost to nothing, and the latter, though bearing interest, sunk to 20 per cent. below par. But the notes of a central Government Bank, without branches,

would be subject to depreciation from a cause which constitutes a conclusive objection to such an institution. *There would be nothing to limit excessive issues but the discretion and prudence of the Government or of the direction.* Human wisdom has never devised any adequate security against the excessive issues, and consequently the depreciation of bank paper, but its actual, and easy, and prompt convertibility into specie, at the pleasure of the holder. Experience has shown that, where the paper of a bank is, by any means, habitually circulated at places remote from the point where it is issued, and not connected with it by a regular commercial intercourse, there will not exist that easy and prompt convertibility which is so essential to the credit of bank paper. When bank bills are confined to their appropriate sphere of circulation, a redundant issue is certainly and immediately followed by a run upon the bank for specie. This timely admonition is as useful to the bank as to the community; for it enables the directors to avoid, with unfailing certainty, an excess equally injurious to both, and which no human sagacity could anticipate or prevent, by calculation merely. Whatever, therefore, in a system of bank circulation, prevents the reflex of redundant issues, necessarily destroys the only adequate security against these injurious and ruinous excesses."

"But a Government Bank, without branches, would be obnoxious to another objection which could not be obviated. Its loans would be con

fined to the District of Columbia ; or, if extended to the various parts of the Union, to say nothing of the inconvenience to which it would expose those at a distance, who obtained accommodations, they would be unavoidably granted without any knowledge of the circumstances of the persons upon whose credit the Government would depend for re-payment. It would, in fact, be, for all useful purposes, a mere District Bank."

"These views of the subject have brought the Committee to the conclusion, that if a Government Bank should be established, it would have at least as many branches as the Bank of the United States, and probably a much greater number. Few administrations would have the firmness to resist an application to establish a branch coming from any quarter of the Union, however injudicious the location might be, upon correct principles of commerce and banking.

"The Bank of the United States now employs five hundred agents, in the various parts of the Union, where its offices are established. From this fact some idea may be formed of the very great addition which would be made to the patronage of the Executive Government, by the establishment of such a bank as the one under consideration.

"But the patronage resulting from the appointment, the annual appointment of those agents, great as it would doubtless be, would be insignificant and harmless, when compared to that which would result from the dispensation of

bank accommodations to the standing amount of at least fifty millions of dollars ! The mind almost instinctively shrinks from the contemplation of an idea so ominous to the purity of the government, and the liberties of the people. No government of which the Committee have any knowledge, except perhaps the despotism of Russia, was ever invested with a patronage at once so prodigious in its influence and so dangerous in its character. In the most desperate financial extremities, no other European government has ever ventured upon an experiment so perilous. If the whole patronage of the English monarchy, were concentrated in the hands of the American Executive, it may be well doubted whether the public liberty would be so much endangered by it as it would by this vast pecuniary machine, which would place in the hands of every administration fifty millions of dollars, as a fund for rewarding political partizans.

“ Such would be the depositories, acting, not under the public eye but under the protecting mystery of a sort of concealment and secrecy, deemed indispensable in banking operations, to whom, not only the whole treasury of the Union would be confided, to be squandered, perhaps, in profligate favouritism, but the tremendous power of putting the whole property of the nation under mortgage, for the redemption of the bills issued at their discretion. To say nothing of the utter iasecurity of the public revenues under such a system, a new species of legislative power, unknown to the constitution, would be committed to these irresponsible bank direc-

tors, of which no human sagacity can predict the consequences.

“A just analysis of the operation of granting loans by this Government Bank, in exchange for the notes of private individuals, will show, that it involves the exercise, on the part of the directors, of the two-fold power of appropriating the public revenue in the most dangerous of all forms of discretionary loans, and of pledging the responsibility of the government, to an unlimited extent, for the payment of the debts at the same time created against it. These are among the highest functions of legislative power, and have been expressly and conclusively vested in Congress. Unless, therefore, it be assumed that congress may rightfully transfer the powers with which it is invested to these bank directors, it will be difficult to find any warrant, either in the letter or spirit of the constitution, for the creation of this tremendous engine of pecuniary influence. It may indeed be doubted, whether all the branches of the legislative authority united have any constitutional power, to lend the public revenue, either to individuals, corporations, or states, without reference to the objects to which it shall be applied. But, whatever may be the power of congress on this subject, it appears to the Committee to be inexpedient, in every view of the question, that the government should be converted into a great money lender. There is no species of trade in which it would be wise for the government to embark ; but of all the variety of pursuits known to human enterprise, that of lending money

by the government to the citizens of the country, would be fraught with the most pernicious consequences.

“No matter by what means an administration might get into power, with such a tremendous engine in their hands, it would be almost impossible to displace them, without some miraculous interposition of Providence. Deeply impressed with the conviction that the weak point of a free government is the absorbing tendency of executive patronage, and sincerely believing that the proposed bank would invest that branch of government with a weight of moneyed influence, more dangerous in its character, and more powerful in its operation, than the entire mass of its present patronage, the Committee have felt that they were imperiously called upon, by the highest considerations of public duty, to express the views they have presented, with the frankness and freedom demanded by the occasion.”

Having given the substance of the Report of the first Committee of Ways and Means, under the first term of the administration of President Jackson, we proceed to give an epitome of such executive and legislative proceedings in relation to the bank, as occurred from the session of Congress, 1829, up to July, 1832, when a bill for re-chartering the bank was vetoed by the Presi-

dent. (Extracted from Niles' Register, and Blunt's Annual Register.)

The President, in his annual Message of 1829, says :—"The charter of the Bank of the United States expires in 1836, and its stockholders will, most probably, apply for a renewal of their privileges. In order to avoid the evils resulting from precipitancy in a measure involving such important principles, and such deep pecuniary interests, I feel that I cannot, in justice to the parties interested, too soon present it to the deliberate consideration of the legislature and the people. Both the constitutionality and the expediency of the law creating this bank, are well questioned, by a large portion of our fellow-citizens ; and it must be admitted by all, that it has failed in the great end of establishing a uniform and sound currency.

"Under these circumstances, if such an institution is deemed essential to the fiscal operations of the government, I submit to the wisdom of the Legislature whether a national one, founded upon the credit of the government and its revenues, might not be devised, which would avoid all constitutional difficulties, and, at the same time, secure all the advantages to the government and country that were expected to result from the present bank."

In 1830 he says—

"The importance of the principles involved in the inquiry, whether it will be proper to re-charter the Bank of the United States, requires that I should again call the attention of Congress to the subject. Nothing has occurred to lessen, in

any degree, the dangers which many of our citizens apprehend from that institution, as at present organized. In the spirit of improvement and compromise, which distinguishes our country and its institutions, it becomes us to inquire, whether it be not possible to secure the advantages afforded by the present bank through the agency of a Bank of the United States, so modified in its principles and structure as to obviate unconstitutional and other objections.

“It is thought practicable to organize such a bank, with the necessary officers, as a branch of the Treasury department, based on the public and individual deposits, without power to make loans or purchase property, which shall remit the funds of the government, and the expenses of which may be paid, if thought advisable, by allowing its officers to sell bills of exchange to private individuals at a moderate premium. Not being a corporate body, having no stockholders, debtors, or property, and but few officers, it would not be obnoxious to the constitutional objections which are urged against the present bank; and having no means to operate on the hopes, fears, or interests of large masses of the community, it would be shorn of the influence which makes that bank formidable. The States would be strengthened by having in their hands the means of furnishing the local paper currency through their own banks; while the Bank of the United States, though issuing no paper, would check the issues of the State banks, by taking their notes in deposit, and for exchange, only so long as they continue to be re-

deemed with specie. In times of public emergency, the capacities of any such institution might be enlarged by legislative provisions.

“These suggestions are made, not so much as a recommendation, as with a view of calling the attention of Congress to the possible modifications of a system which cannot continue to exist in its present form, without occasional collisions with the local authorities, and perpetual apprehensions and discontent on the part of the States and the people.”

In his annual Message of 1831, the President says:—“Entertaining the opinions heretofore expressed in relation to the Bank of the United States, as at present organized, I felt it my duty, in my former Messages, frankly to disclose them, in order that the attention of the Legislature and the people should be seasonably directed to that important subject, and that it might be considered, and finally disposed of in a manner best calculated to promote the ends of the constitution and subserve the public interests. Having thus conscientiously discharged a constitutional duty, I deem it proper, on this occasion, without a more particular reference to the views of the subject than expressed, to leave it for the present to the investigation of an enlightened people and their representatives.”

On the 7th of December, 1831, Mr. M'Lane, Secretary of the Treasury, recommended the

renewal of the charter of the bank, as will appear from the following extracts from his annual Report.

“The important charge confided to the treasury department, and on which the operations of the government essentially depend, in the improvement and management of the revenue, and the support of public credit, and of transferring the public funds to all parts of the United States, imperiously requires from the government all the facilities which it may constitutionally provide for these objects, and especially for regulating and preserving a sound currency.

“As early as May, 1781, the Congress of the United States convened under the Articles of Confederation, approved the plan of a national bank, submitted to their consideration by Mr. Morris, then superintendent of the finances; and, on the 31st of December, of the same year, ‘from a conviction of the support which the finances of the United States would receive from the establishment of a national bank,’ passed an ordinance incorporating such institution, under the name and style ‘of the President, Directors, and Company of the Bank of North America.’ The aid afforded by that institution was acknowledged to have been of essential consequence during the remaining period of the war, and its utility subsequent to the peace of little less importance.

“*The authority of the present government to create an institution for the same purposes cannot be less clear. It has, moreover, the sanction of*

the executive, legislative, and judicial authorities, and of a majority of the people of the United States, from the organization of government to the present time. If public opinion cannot be considered the infallible expounder, it is among the soundest commentators of the Constitution. It is undoubtedly the wisest guide and only effective check to those to whom the administration of the Constitution is confided; and it is believed, that in free and enlightened States, the harmony, not less than the welfare, of the community is best promoted by receiving as settled, those great questions of public policy, in which the constituted authorities have long concurred, and in which they have been sustained by the unequivocal expression of the will of the people.

“The indispensable necessity of such an institution for the fiscal operations of government in all its departments, for the regulation and preservation of a sound currency, for the aid of commercial transactions generally, and even for the safety and utility of the local banks, is not doubted; and, as is believed, has been shown in the past experience of the government, and in the general accommodation and operation of the present bank.

“The present institution may, indeed, be considered as peculiarly the offspring of that necessity—springing from the inconveniences which follow the loss of the first bank of the United States, and the evils and distresses incident to the excessive, and, in some instances, fraudulent issues of the local banks during the war—the propriety of continuing it is to be considered, not more in

reference to the expediency of banking generally, than in regard to the actual state of things, and to the multiplicity of State banks already in existence, and which can neither be displaced, nor in other manner controled in their issues of paper by the general government. This is an evil not to be submitted to ; and the remedy at present applied, while it preserves a sound currency for the country at large, promotes the real interests of the local banks, by giving soundness to their paper.

“ If the necessity of a banking institution be conceded or shown, that which shall judiciously combine the power of the government with private enterprise, is believed to be the most efficacious. The government would thus obtain the benefit of individual sagacity in the general management of the bank, and by means of its deposits and share in the direction, possess the necessary power for the prevention of abuse.

“ It is not intended to assert that the Bank of the United States, as at present organized, is perfect, or that the essential objects of such an institution might not be attained by means of an entirely new one, organized upon proper principles, and with salutary limitations. It must be admitted, however, that the good management of the present bank, the accommodation it has given the government, and the practical benefits it has rendered the community—whether it may or may not have accomplished all that was expected from it—and the advantages of its present condition, are circumstances in its favour, entitled to great weight, and give it strong claims

upon the consideration of Congress, in any future legislation upon the subject.

“To these may be added, the knowledge the present bank has acquired of the business and wants of the various portions of this extensive country, which being the result of time and experience, is an advantage it must necessarily possess over any new institution.

“It is to be observed, moreover, that the facilities of capital actually afforded by the present institution to the agricultural, commercial, and the manufacturing industry of all parts of the Union could not be withdrawn, even by transferring them to another institution, without a severe shock to each of those interests, and to the relations of society generally.

“To similar considerations, it may be presumed, is to be traced the uniform policy of the several States of the Union, of re-chartering their local institutions, with such modifications as experience may have dictated, in preference to creating new ones.

“Should any objection be felt or entertained on the score of monopoly, it might be obviated by placing, through the means of a sufficient premium, the present institution upon the footing of a new one, and guarding its future operation by such judicious checks and limitations as experience may have shown to be necessary.

“These considerations, and others which will be adverted to in a subsequent part of this Report,—the experience of the department in the trying periods of its history, and the convictions of his own judgment, concurring with those of the

eminent men who have preceded the undersigned in its administration—induce him to recommend the expediency of chartering the present bank at the proper time, and with such modifications, as, without impairing its usefulness to the government and the community, may be calculated to recommend it to the approbation of the executive, and—what is vitally important—to the confidence of the people.”

On the 9th of January, 1832, Mr. Dallas presented a memorial of the bank petitioning for a re-charter, which was referred to a select committee. On the 13th of March, this committee reported in favour of a renewal of the charter for fifteen years, with the following modifications:

“First, No notes (under fifty dollars) were to be issued from the Bank or any branch, unless made payable at the bank or branch whence issued, except at the request of the persons to whom they are delivered.

“Second, The notes of the bank to be received by every branch in payment of balances due by any State bank.

“Third, The corporation to be prohibited retaining any real estate, other than for banking purposes, longer than two years, under a penalty of ten thousand dollars in each case.

“Fourth, Not more than two branches to be

established or retained in any State; and not more than one, except in the States in which they now exist, without the assent of the legislature.

“Fifth. A bonus of \$1,500,000 to be given to the government, payable in three annual payments.”

This bill was ordered to a second reading, and then laid upon the table of the Senate, until after the Report of the Committee appointed by the House to inquire into the affairs of the bank.

It was in that body, that the main battle concerning the bank was to be fought. Upon the presentation of the memorial by Mr. M'Duffie, on the 9th of January, parties at once arrayed themselves upon the question of reference—the friends of the bank being in favour of a reference to the Committee of Ways and Means; while its opponents sought to refer it to a select committee. The former prevailed by a vote of 100 yeas, 90 nays, and the memorial was accordingly referred to the Committee of Ways and Means, by whom a report was made in favour of a renewal of the charter, on the 10th of February. The minority made a counter report, containing the views of the opponents of the bank; and both parties now addressed themselves to sustain their respective views on this important question. The next step taken by its opponents consisted in a motion, made by Mr. Clayton, on the 23d of February, for a Committee of Inquiry into the Affairs of the Bank, with power to send for persons and papers. An

animated discussion ensued upon this motion. Mr. Clayton said he believed, upon investigation, the following charges would be substantiated, viz. :

First, The issue of \$7,000,000 and more of branch bank orders as a currency.

Second, Usury exacted on the loan of broken bank notes in Kentucky and Ohio.

Third, Domestic bills of exchange issued—being disguised loans at more than the rate of six per cent. Sixteen millions of these bills were issued in December last.

Fourth, Non-use of the charter:—in this, that from 1819 to 1826, a period of seven years, the south and west branches issued no currency of any kind.

Fifth, Building houses *to rent*—which is contrary to the limitation in their charter, on the right to hold real property.

Sixth, In not having a due proportion of coin in the capital stock.

Seventh, Foreigners voting for directors, through their trustees.

Mr. Clayton also stated, that there were abuses worthy of inquiry, not amounting to forfeiture; but going, if true, to show the inexpediency of renewing the charter.

First, Not cashing its own notes, nor receiving in deposit at each branch and post of the parent bank the notes of each other. By reason of this practice, notes of the mother bank are at

discount at many, if not all, of her branches, which completely negatives the assertion of establishing a sound and uniform currency.

Second, Making a difference in receiving notes from the federal and private citizens. This is admitted as to all notes above five dollars.

Third, Making a difference between members of Congress and the citizens generally, in both granting loans and selling bills of exchange. It is believed it can be made to appear that members can obtain bills of exchange *without*—citizens *with* a premium: the first give nominal endorsers—the others must give two sufficient resident endorsers.

Fourth, In permitting the undue accumulation of proxies in the hands of a few, to control the election for directors.

Fifth, A strong suspicion of a secret understanding between the bank and brokers to job in stocks contrary to the charter. For example, to buy up the three per cent. stock at this time, and to force the government to pay at par for that stock—and that the government deposits are used to enhance the value of its own debts.

Sixth, Making subsidies and loans, directly or indirectly, to printers, editors, and lawyers, for purposes other than the regular business of the bank.

Seventh, Making distinctions in favour of merchants in selling bills of exchange.

Eighth, Practising upon local banks and debtors, to make them petition Congress for a renewal of its charter, and thus to impose upon Congress by false clamour.

Ninth, Mr. Clayton also proposed to inquire into the actual management of the bank, whether safely and prudently conducted?

Tenth, Into the actual condition of the bank, its debts and credits; how much it has increased its debts, and diminished its means to pay in the last year? how much it has increased its credits and multiplied its debtors, since the President's Message in 1829, without ability to take up the notes it has issued and pay its deposits?

Eleventh, Into its excessive issues, all on public deposits.

Twelfth, Whether the account of the bank's prosperity be real or delusive?

Thirteenth, Into the amount of gold and silver coin and bullion, sent from the western and southern branches of the parent bank, since its establishment in 1817. The amount is supposed to be 15 or 20,000,000; and, with bank interest on bank debts, constitutes a system of the most intolerable oppression of the south and west. The gold and silver of the south and west have been drawn to the mother bank, mostly by the agency of that unlawful currency created by branch bank orders.

Fourteenth, Into the establishment of agencies in different States, under the direction and management of one person only, to deal in bills of exchange, and to transact the other business properly belonging to branch banks.

Fifteenth, Into its giving authority to State banks to discount its bills, without authority from the Secretary of the Treasury.

After these charges had been fully stated by Mr. Clayton, Mr. M'Duffie replied—that he should consider them to be what Mr. Clayton had called them; that is, an indictment against the bank, and should answer them in detail—that the first charge, “the issue of seven millions or more of branch bank orders as currency,” he considered a fair specimen of the whole. After showing the constitutional right of the bank to issue such orders, their beneficial effect upon the interests of the institution and the country, he denounced it as the idlest of all charges ever brought forward. It would not bear discussion. He showed, also, that the issue by the branches of such orders was a matter of sheer necessity, the cashier and president of the mother bank not possessing the physical power to sign.

The next specification for usury taken on broken bank notes in Kentucky and Ohio.

This specification, Mr. M'Duffie showed, was based on a transaction which occurred ten years ago—where an individual, on presenting a note for discount, was told by the officer of the branch where it took place, that it could not be done. This individual knowing that the bank had some uncurrent notes of State banks in its possession, proposed that he would receive them—his proposition was acceded to; he received those notes, and afterwards pleaded usury, and thus avoided payment.

The third charge alleges that the bank dealt in domestic bills of exchange.

Mr. M'Duffie replied, that it was authorized

so to do by its charter ; and that those bills of exchange were of great benefit to the community at large.

The fourth charge was a non-use of its charter, in this, that for a period of seven years, the southern and western branches had issued no currency of any kind.

Mr. M'Duffie said, that it was not obligatory upon the bank, that all its branches should issue currency—that the issue of such evidences of debt was wholly discretionary with the bank.

The fifth charge is, “the building of houses to rent.”

Mr. M'Duffie replied, that the charter authorized the bank to purchase property which had been mortgaged as a collateral—that it had become possessed of real estate in no other manner than this ; that the authority to buy land is an authority to own land ; and an authority to own land, is an authority to use it for the advantage of the stockholders.

The sixth count is, “for not having in its capital stock a due proportion of *coin*.”

Mr. M'Duffie could not understand the bearing of this charge, or to what Mr. Clayton alluded.

Mr. Clayton said, “the branch cannot pay its debts, and is broke.”

Mr. M'Duffie pronounced the allegation unfounded. He averred, that the bank was not only able to pay its debts, but had a large surplus—and could leave its capital wholly untouched.

The seventh charge is, "foreigners voting for directors through their trustees."

Of this fact, Mr. M'Duffie knew nothing, but he was satisfied that it would turn out to be without foundation.

The next charge is, "not cashing its own notes, or receiving in deposit at each branch, and at the parent bank, the notes of each other."

Mr. M'Duffie showed, that the attempt of the bank in 1819, to do what Mr. Clayton would now require it to do, had brought on it all the embarrassments of that period. If it were to do it, all the commercial exchanges of the country would be conducted at its expenses. The drafts of the respective branches were payable at the places of issuing—they bore this fact on their face—the operation was a fair one.

The next is, "the making a difference in receiving notes from the federal government and the citizens of the United States."

This charge was met by Mr. M'Duffie, by showing that the very stipulations of the charter required the bank to make this difference.

The next is making a difference between members of Congress and the citizens generally, both in granting loans and selling bills of exchange.

Mr. M'Duffie showed that it had been the uniform practice of the bank from the beginning to grant such accommodations; and for one, he felt grateful for the favour extended to himself.

"The undue accumulation of proxies in the hands of a few to control the election for directors."

The bank had no control over the action of stockholders in such matters, and therefore was not responsible for their conduct.

“A strong *suspicion* of secret understanding between the bank and brokers to job in stocks, contrary to the charter.”

Mr. M'Duffie expressed his surprise at the language of this count in Mr. Clayton's indictment. He thought, that that gentleman had received some admonitions on the subject of yielding his ear too credulously to suspicions whispered by anonymous and irresponsible informers. He maintained that *suspicion*—mere suspicion—was not an adequate ground for instituting such an inquiry as this.

The next charge is, “that the bank made a distinction in selling bills of exchange.”

This, Mr. M'Duffie denounced as unfounded.

The next charge is, “that the bank has used undue and improper practices to induce the local banks to petition Congress for a renewal of its charter, and thus to impose upon Congress by false clamour.”

This charge, said Mr. M'Duffie, was, in its very nature, and upon its face, founded upon mere surmise; and therefore not entitled to notice.

The next charge in order proposed an inquiry into the manner in which the bank had been conducted:—it was not, therefore, properly speaking, an allegation, and required no special notice. The information sought for had already been placed before the nation.

The next allegation, "that the bank had made excessive issues, all on public deposits."

Mr. M'Duffie maintained, that if the bank had rendered itself obnoxious to censure in this respect, that there was no bank in the United States that could escape condemnation,—for there was not one in proportion to its capital who did not issue a larger amount of bills than it did. He said that there was no bank in the country—and there never had been one, which had conducted its issues with more perfect safety to all the interests involved.

The next inquiry, the gentleman from Georgia proposed to make by the agency of a select committee, related "to the amount of gold, and silver coin, and bullion sent from southern and western branches to the parent bank since its establishment in 1817."

Mr. M'Duffie remarked, that the transfer of specie, like that of any other article, was regulated by the course of domestic exchange, and the demands of the different parts of the Union. To complain that this transfer is performed by the bank, almost free of any charge, was to complain of one of its most wholesome and salutary operations. In nothing had the bank done more essential service to the people, than in the very matter for which the gentleman from Georgia was now arraigning it.

The next charge was, "the establishment of agencies, in different States, under the direction and management of one person only, to deal in bills of exchange, and to transact the other business properly belonging to branch banks."

Mr. M'Duffie considered that the charter had

expressly granted the power exercised by the bank.

The last specification was "giving authority to State banks to discount their bills without authority from the Treasury."

Mr. M'Duffie could not understand what it was that the gentleman from Georgia meant to condemn. Did he suppose that the State banks were not authorized to discount the bills of the United States Bank without a special authority from the Bank to do so? or that any authority of that kind could give them a greater right in that respect, than they had without such authority?

In conclusion, Mr. M'Duffie said, I will repeat the declaration I have already made, that if the honourable member from Georgia will state upon his responsibility, as a member of this House, that there is any respectable man, who has assured him that he will prove against the bank the alleged charge of corrupt dealing with brokers, or any other description of persons, I will give my vote for creating this special commission, be the cost and be the consequences what they may. But in the failure of the gentleman to give this assurance, I shall feel constrained by every consideration to give my vote against it.

This discussion was continued for several days during the time devoted to the consideration of resolutions. In the course of this discussion a motion was made by Mr. Root to appoint the committee by ballot, with the view of taking the

appointment from the speaker, who was hostile to the bank ; and the question being taken, the House divided 100 in favor, and 100 opposed to the motion. Whereupon the speaker voted in the negative, and retained the power in his own hands.

An attempt was made to amend the resolution so as to direct the committee to inquire into all the affairs of the bank ; but the House adopted instead thereof an amendment directing the committee to inspect the books and examine into the proceedings of the bank, and to report whether the provisions of its charter had been violated or not. This amendment was adopted—yeas 106, nays 92—and the committee was appointed, with directions to report by the 21st of April.

This report was, in fact, made the 30th of April, by a majority of the committee only, Col. R. M. Johnson, who signed the report of the majority, stated that he did so for the purpose of bringing the subject before the House ; that he had not asked a single question nor examined a single paper, and that he neither concurred with, nor dissented from the majority report. By that report it appeared, that the investigation had not been confined to the alleged violations of the charter, but had been extended to all the affairs of the bank. The conclusion at which the majority, consisting of Messrs. Clayton, Cambre-

leng, Thomas, and R. M. Johnson arrived, from this investigation was, that Congress should not act upon the question of re-chartering the bank until after the public debt was discharged, and the revenue adjusted to the expenditure of the federal government. They did not, however, give it as their opinion, that the bank had violated its charter.

The minority, composed of Messrs. Adams, M'Duffie, and Watmaugh, made a counter report, vindicating the conduct of the bank, and recommending a renewal of the charter.

These reports were ordered to be printed for general circulation, and on the 22d of May the bill was taken up in committee of the whole in the senate for consideration.

Upon motion of Mr. Webster, the bill was amended by striking out that section, which prohibited more than two branches in a State. This section was afterwards restored in the Senate. He also moved an amendment increasing the bonus to \$2,250,000, and making it payable in fifteen annual instalments of \$150,000 each, and prohibiting the banks from issuing notes of less denomination than \$20.

Mr. Moore then offered two amendments. The first, prohibiting the establishment of branches in a State without the consent of the State Government, was rejected by a vote of 23 to 18 ; and the second proposing to subject each branch to taxation in the same manner, that the local banks in such State should be taxed, was rejected by a vote of 26 to 18 ; and in its stead was substituted an amendment, providing for

the distribution of the annual bonus among the respective States, according to the federal numbers. This amendment was adopted. Yeas 25—Nays 19 ; but it was afterwards rejected in the Senate. Yeas 16—Nays 31.

Mr. Bibb also moved several amendments. The first giving to the President, with the consent of the Senate, the power of appointing the president of the bank and its branches was negatived. Yeas Bibb and Benton—Nays 43.

The second, fixing the rate of interest at 5 per cent. was negatived. Yeas 20—Nays 25. The third, prohibiting any individual from voting upon more than thirty shares at an election, was rejected. Yeas 10—Nays 35.

Mr. Ewing moved to strike out that provision prohibiting the bank from holding real estate, except for banking purposes, for more than two years ; but the motion was negatived. Yeas 22—Nays 23 ; and the time was then enlarged to five years. He also moved to strike out the section prohibiting the issuing of notes less than fifty dollars, payable at other branches than the one issuing it, and it was carried. Yeas 24—Nays 15.

Mr. Benton then moved several amendments, the first to strike out the clause restraining Congress from creating any other banking incorporation during the continuance of the charter, which was negatived. Yeas 16—Nays 26. The second prohibiting any member of Congress, officer of the federal government, or alien, from holding

any stock in the bank, was negatived. Yeas 6—Nays 34. The third, rendering stockholders liable in their private capacities to the amount of their stock, for any violations of the engagements of the bank, met with the same fate. Yeas 11—Nays 33 ; as did the fourth prohibiting the issuing of checks or notes payable at other branches than that where they were issued. Yeas 17—Nays 27.

Mr. Marcy then moved to add a clause expressly retaining in Congress the right to modify or repeal the charter at any time after 1836, which was negatived. Yeas 15—Nays 29.

Mr. Tazewell then moved to limit the charter to ten years, which was negatived. Yeas 20—Nays 27. It was then proposed to increase the annual bonus to \$525,000, which was negatived. Yeas 10—Nays 36 ; and the sums of \$350,000, \$300,000 and \$250,000, were successively negatived. Yeas 10—Nays 21. It was finally agreed to fix it at \$200,000. Yeas 43—Nays 4.

Mr. White then proposed an amendment by which the bank was to allow interest at the rate of three per cent. upon the public deposits, whenever they should exceed \$1,000,000. This was negatived. Yeas 23—Nays 24. As was a motion of Mr. Benton to refer the bill to the Secretary of the Treasury, for his opinion as to the expediency of renewing the charter at the present session. Yeas 10—Nays 37. The bill was prepared by the 9th of June for a third reading,

and after an unsuccessful effort to indefinitely postpone it, it was ordered to a third reading. Yeas 25—Nays 20; and on the 11th of June was passed. Yeas 28—Nays 20; as follows:—

Yeas—Messrs. Bell, Buckner, Chambers, Clay, Clayton, Dallas, Ewing, Foot, Frelinghuyzen, Hendricks, Holmes, Johnston, Knight, Naudain, Poindexter, Prentiss, Robbins, Robinson, Ruggles, Seymour, Silsbee, Smith, Sprague, Tipton, Tomlinson, Waggaman, Webster, Wilkins.—28.

Nays—Messrs. Benton, Bibb, Brown, Dickerson, Dudley, Ellis, Forsyth, Grundy, Hayne, Hill, Kane, King, Mangum, Marcy, Miller, Moore, Tazewell, Troup, Tyler, White.—20.

Mr. Dallas said, that having been owner of stock in the bank he had sold it out as soon as he knew the subject of re-chartering the bank would come before the Senate.

Mr. Silsbee said the same.

Mr. Webster said he had seen his name on the list of stockholders, but it was altogether the mistake of a Clerk at the Bank in Philadelphia.

When it came into the House strenuous exertions were made to postpone its consideration, but that body having refused by a vote of 111 to 88 to lay the bill upon the table, the minority yielded to a motion of Mr. M'Duffie, that it be made the special order of the day for the 18th of June. The House was then, however, engaged in the consideration of the Tariff, and it was not until the 30th of June that the sub-

ject was taken up in the Committee of the Whole. A motion then made for its postponement to the next session was negatived. Yeas 75—Nays 100; and Mr. M'Duffie proposed an amendment to that section, which limited the number of branches in each State, providing the existing branches should not be interfered with. Various attempts were then made to alter this proposed amendment, so as to incorporate in the bill all the provisions with which its opponents sought to restrict the bank.

Mr. Beardsley moved as an amendment that the Secretary of the Treasury should first certify that the branches retained are necessary in transacting the public business of the United States, which was negatived. Yeas 57—Nays 113.

Mr. Wardwell moved, that the branches be liable to be taxed by the States to an amount not exceeding one per cent. annually, negatived. Yeas 89—Nays 93.

Mr. Warren R. Davis moved an amendment, declaring that nothing in this act should be construed as exempting the bank from being taxed by the States, negatived. Yeas 81—Nays 103.

Mr. Wayne then moved that the branches pay an annuity of one per cent. to the State wherein they are situated, negatived. Yeas 67—Nays 109.

Mr. Hubbard moved, that the States be permitted to tax to the amount of half per cent., negatived. Yeas 81—Nays 90.

Mr. Bell moved, that the States be permitted

to tax the profits of their respective branches to the same extent, that they tax the income of their local banks and of their own citizens, negatived. Yeas 88—Nays 94.

Mr. Mann moved, that a tax of one per cent. be laid upon all the stock held by foreigners, negatived. Yeas 69—Nays 110.

Mr. Clayton moved, that foreigners be not permitted to hold stock in the bank under penalty of forfeiture, and asked the Yeas and Nays; but the House refused to order them, and negatived the motion without a division.

Mr. Lewis moved to limit the rate of interest at five per cent., negatived. Yeas 83—Nays 103.

Mr. Clayton also moved an amendment, by which Congress could incorporate other banks, which was also negatived.

Mr. McKay moved to subject the foreign stock to the same taxation, that was levied by the States on the stock of resident citizens.—Yeas 79—Nays 101. Amendments were then moved to prevent stockholders from receiving discounts to a larger amount than half of the stock owned by them, and to prevent officers or agents of the bank from voting at elections or proxies, both of which were negatived without a division.

Mr. Thomas then moved to increase the annual bonus to \$250,000, negatived. Yeas 74—Nays 109.

Mr. Coulter moved to provide for an annual Committee of inquiry into the affairs of the bank

consisting of one Senator and two members of the House, which was negatived without a division.

Mr. M'Duffie's amendment was then carried, and a motion being made by Mr. Lewis to reduce the rate of interest to five per cent., the previous question was moved by Mr. Barbour, but it was negatived. Yeas 82—Nays 95. It was however moved again the next day, July third, by Mr. Dearborn, and carried. Yeas 96—Nays 82. The Bill was then ordered to a third reading. Yeas 106—Nays 84. A motion was then made to suspend the rule of the House in order to permit the third reading of the bill the same day and carried. Yeas 124—Nays 61. The previous question was again called and ordered, 109 to 76, and the bill was then passed with Mr. M'Duffie's amendment. Yeas 107—Nays 85.

The following are the Yeas and Nays on the final passage of the bill, viz :

Yeas—Messrs. Adams, Chilton Allan, H. Allen, Allison, Appleton, Armstrong, Arnold, Ashby, Babcock, Banks, Noyes, Barber, Banning, Barstow, Isaac C. Bates, Boon, Briggs, Bucher, Bullard, Burd, Burgess, Choate, Collier, Lewis Condict, Silas Condict, Elentheros Cooke, Bates Cooke, Cooper, Corwin, Coulter, Craig, Crane, Crawford, Creighton, Daniel, John Davis, Dearborn, Denny, Dewart, Doddridge, Drayton, Ellsworth, G. Evans, Joshua Evans, Edward Everett, Horace Everett, Ford, Gilmore, Grennell, Hodges, Heister, Horn, Hughes, Huntington, Ihrie, Ingersoll, Irvin,

Isaacks, Jenifer, Kendall, Henry, King, Kerr, Letcher, Mann, Marshall, Maxwell, R. M'Coy, M'Duffie, M'Kennan, Mercer, Milligan, Newton, Pearce, Pendleton, Pitcher, Potts, Randolph, John Reed, Root, Russell, Semmes, William B. Shepard, August H. Shepperd, Slade, Smith, Southard, Spence, Stanberry, Stephens, Stewart, Storrs, Sutherland, Taylor, Philemon, Thomas, Tompkins, Tracy, Vance Verplanck, Vinton, Watmaugh, Wilkin, Elisha Whittlesey, Frederick Whittlesey, E. D. White, Wickliffe, Williams, Young.—107.

Nays—Messrs. Adair, Alexander, Anderson, Archer, Barnwell, Jas. Bates, Beardsley, Bell, Bergen, Bethune, James Blair, John Blair, Bouck, Bouldin, Branch, John C. Brodhead, Cambreleng, Carr, Chandler, Chinn, Claiborne, Clay, Clayton, Connor, Davenport, Dayan, Doubleday, Felder, Fitzgerald, Foster, Gaither, Gordon, Griffin, Thomas H. Hall, William Hall, Hammons, Harper, Hawes, Hawkins, Hoffman, Hogan, Holland, Howard, Hubbard, Jarvis, Cave Johnson, Kavanagh, Kendall, Kennon, Adam King, John King, Lamar, Lansing, Leavitt, Lecompte, Lewis, Lyon, Mardis, Mason, M'Carty, M'Intire, M'Kay, Mitchell, Newman, Nuckolls, Patton, Pierson, Plummer, Polk, Edward C. Reed, Rencher, Roane, Soutl, Speight, Standifer, Francis Thomas, W. Thompson, John Thompson, Ward, Wardwell, Wayne, Weeks, Wheeler, Campbell P. White, Wilde, Worthington.—85.

The Senate concurred in the amendment,

and the bill was then sent to the President for his approbation and signature. It was by many apprehended, that the President would resort to the mode previously adopted by him to avoid the responsibility of rejecting bills that he disapproved of, and that he would retain it until after an adjournment of Congress.

To prevent this, the Senate declined acting on the resolution for an adjournment until the bill had been sent to him for concurrence, and then the 16th of July was inserted so as to leave ten full days, exclusive of Sundays, by which he was compelled to return the bill to Congress, or to permit it to become a law. Accordingly the next day after the Senate had fixed the time of adjournment a message was sent to that body, stating the reasons of the President for refusing his signature to the bill.

The great length of the Veto Message prevents its entire insertion; the reasons assigned by the President are familiar, it is presumed to all, and were in substance as follows:—

First, That a monopoly is granted to the present stockholders for which the bonus is not a fair equivalent.

Second, That more than one fifth of the stock is held by foreigners.

Third, Because the provision enabling State banks to pay their balances in branch notes, is partial towards banking establishments at the expense of the community.

Fourth, Because the concession to the States,

to tax the stock held by their own citizens, operates in favour of foreign stockholders, and makes the stock worth more to them, than to resident stockholders ; and will render the American people debtors to aliens by vesting the stock in foreign hands.

Fifth, Because, by the greater part of the stock going out of the country, the control over the institution will be vested in a few stockholders ; and great evils are to be apprehended, by so formidable a power being concentrated in a small body, without responsibility to the people, and who, moreover, will be peculiarly accessible to be influenced by the foreign stockholders.

Sixth, Because the law creating a bank is not one of the necessary and proper means vested in Congress, to carry into effect its constitutional powers.

Seventh, Because the private business of the bank is exempted from State taxation.

Eighth, Because there are strong suspicions of gross abuse in the management of its affairs.

Ninth, Because the Executive was not consulted, as to the propriety of the provisions of an act creating a bank as an agent of one of its Departments.

Tenth, Because the bank tended to increase the power of the rich, and to add to the artificial distinctions already existing in society.

That the reader may have full view of the subject which has so much agitated the American people for the last three years, the compiler inserts the charter entire, as passed April 10, 1816, with notes and comments to the 16th fundamental rule, and to the 16th and 23d section.

AN ACT

TO INCORPORATE THE SUBSCRIBERS TO
THE BANK OF THE UNITED STATES.

*A Bank of the United States, with a capital of
\$35,000,000.*

Be it enacted by the Senate and House of Representatives of the United States of America, in Congress assembled, That a Bank of the United States of America shall be established, with a capital of thirty-five millions of dollars, divided into three hundred and fifty thousand shares, of one hundred dollars each share. Seventy thousand shares, amounting to the sum of seven millions of dollars, part of the capital of the said bank, shall be subscribed and paid for by the United States, in the manner hereinafter specified; and two hundred and eighty thousand shares, amounting to the sum of twenty-eight millions of dollars, shall be subscribed and paid for by individuals, companies, or corporations, in the manner hereinafter specified.

Places, &c. for receiving Subscriptions.

SECTION 2. *And be it further enacted,* That subscriptions for the sum of twenty-eight millions of dollars, towards constituting the capital of the said bank, shall be opened on the first Monday in July next, at the following places, that is to say: at Portland, in the District of Maine; at Portsmouth, in the State of New-Hampshire; at Boston, in the State of Massachusetts; at Providence, in the State of Rhode Island; at Middletown, in the State of Connecticut; at Burlington, in the State of Vermont; at New-York, in the State of New-York; at New-Brunswick, in the State of New-Jersey; at Philadelphia, in the State of Pennsylvania; at Wilmington, in the State of Delaware; at Baltimore, in the State of Maryland; at Richmond, in the State of Virginia; at Lexington, in the State of Kentucky; at Cincinnati, in the State of Ohio; at Raleigh, in the State of North Carolina; at Nashville, in the State of Tennessee; at Charleston, in the State of South Carolina; at Augusta, in the State of Georgia; at New-Orleans, in the State of Louisiana; and at Washington, in the District of Columbia. And the said subscriptions shall be opened under the superintendence of five commissioners at Philadelphia, and of three commissioners at each of the other places aforesaid, to be appointed by the President of the United States, who is hereby authorized to make such appointments, and shall continue open every day, from the time of opening the same, between the

hours of ten o'clock in the forenoon and four o'clock in the afternoon, for the term of twenty days, exclusive of Sundays, when the same shall be closed, and immediately thereafter the commissioners, or any two of them, at the respective places aforesaid, shall cause two transcripts or copies of such subscriptions to be made, one of which they shall send to the Secretary of the Treasury, one they shall retain, and the original they shall transmit, within seven days from the closing of the subscriptions as aforesaid, to the commissioners at Philadelphia aforesaid. And on the receipt of the said original subscriptions, or of either of the said copies thereof, if the original be lost, mislaid, or detained, the commissioners at Philadelphia aforesaid, or a majority of them, shall immediately thereafter convene, and proceed to take an account of the said subscriptions. And if more than the amount of twenty-eight millions of dollars shall have been subscribed, then the said last mentioned commissioners shall deduct the amount of such excess from the largest subscriptions, in such manner as that no subscription shall be reduced in amount, while any one remains larger: *Provided*, That, if the subscriptions taken at either of the places aforesaid shall not exceed three thousand shares, there shall be no reduction of such subscriptions; nor shall, in any case, the subscriptions taken at either of the places aforesaid be reduced below that amount. And in case the aggregate amount of the said subscriptions shall exceed twenty-eight millions of dollars, the said last

mentioned commissioners, after having apportioned the same as aforesaid, shall cause lists of the said apportioned subscriptions to be made out, including in each list the apportioned subscription for the place where the original subscription was made, one of which lists they shall transmit to the commissioners, or one of them, under whose superintendence such subscriptions were originally made, that the subscribers may thereby ascertain the number of shares to them respectively apportioned as aforesaid. And in case the aggregate amount of the said subscriptions, made during the period aforesaid, at all the places aforesaid, shall not amount to twenty-eight millions of dollars, the subscriptions to complete the said sum shall be and remain open at Philadelphia aforesaid, under the superintendence of the commissioners appointed for that place; and the subscriptions may be then made by any individual, company, or corporation, for any number of shares, not exceeding, in the whole, the amount required to complete the said sum of twenty-eight millions of dollars.

Regulations concerning Subscriptions, and Payments on them, &c.

SECTION 3. *And be it further enacted,* That it shall be lawful for any individual, company, corporation, or state, when the subscriptions shall be opened as hereinbefore directed, to subscribe for any number of shares of the capital of said bank, not exceeding three thousand shares, and the sums so subscribed shall be

payable, and paid, in the manner following, that is to say: seven millions of dollars thereof in gold or silver coin of the United States, or in gold coins of Spain, or the dominions of Spain, at the rate of one hundred cents for every twenty-eight grains and sixty hundredths of a grain of the actual weight thereof, or in other foreign gold or silver coin, at the several rates prescribed by the first section of an act regulating the currency of foreign coins in the United States, passed the tenth day of April, one thousand eight hundred and six, and twenty-one millions of dollars thereof in like gold or silver coin, or in the funded debt of the United States, contracted at the times of the subscriptions, respectively. And the payments made in the funded debt of the United States, shall be paid and received at the following rates, that is to say: the funded debt bearing an interest of six per centum per annum, at the nominal or par value thereof; the funded debt bearing an interest of three per centum per annum, at the rate of sixty-five dollars for every sum of one hundred dollars of the nominal amount thereof; and the funded debt bearing an interest of seven per centum per annum, at the rate of one hundred and six dollars, and fifty-one cents, for every sum of one hundred dollars of the nominal amount thereof; together with the amount of the interest accrued on the said several denominations of funded debt; to be computed and allowed to the time of subscribing the same to the capital of the said bank as aforesaid. And the payments of the said subscriptions

shall be made and completed by the subscribers, respectively, at the time, and in the manner following, that is to say: at the time of subscribing there shall be paid five dollars on each share, in gold or silver coin as aforesaid, and twenty-five dollars more in coin as aforesaid, or in funded debt as aforesaid; at the expiration of six calendar months after the time of subscribing, there shall be paid the further sum of ten dollars on each share, in gold or silver coins, as aforesaid, and twenty-five dollars more in coin as aforesaid, or in funded debt as aforesaid; at the expiration of twelve calendar months from the time of subscribing, there shall be paid the further sum of ten dollars on each share, in gold or silver coin as aforesaid, and twenty-five dollars more in coin as aforesaid, or in funded debt as aforesaid.

SECTION 4. *And be it further enacted,* That, at the time of subscribing to the capital of the said bank as aforesaid, each and every subscriber shall deliver to the commissioners, at the place of subscribing, as well the amount of their subscriptions, respectively, in coin as aforesaid, as the certificates of funded debt, for the funded debt proportions of their respective subscriptions, together with a power of attorney, authorizing the said commissioners, or a majority of them, to transfer the said stock, in due form of law, to "the president, directors, and company of the Bank of the United States," as soon as the bank shall be organized: *Provided always,* That if, in consequence of the apportionment of the shares in the capital of the said

bank among the subscribers in the case, and in the manner hereinbefore provided, any subscriber shall have delivered to the commissioners, at the time of subscribing, a greater amount of gold or silver coin and funded debt than shall be necessary to complete the payments for the share or shares to such subscribers, apportioned as aforesaid, the commissioners shall only retain so much of the said gold or silver coin and funded debt as shall be necessary to complete such payments, and shall, forthwith, return the surplus thereof, on application for the same to subscribers lawfully entitled thereto. And the commissioners, respectively, shall deposit the gold and silver coin, and certificates of public debt, by them respectively received as aforesaid, from the subscribers to the capital of the said bank, in some place of secure and safe keeping, so that the same may and shall be specifically delivered and transferred, as the same were by them respectively received, to the president, directors, and company of the Bank of the United States, or to their order, as soon as shall be required after the organization of the said bank. And the said commissioners appointed to superintend the subscriptions to the capital of the said bank as aforesaid, shall receive a reasonable compensation for their services, respectively, and shall be allowed all reasonable charges and expenses incurred in the execution of their trust, to be paid by the president, directors, and company of the bank, out of the funds thereof.

The United States may redeem the funded debt, &c., and the bank may sell for gold and silver, &c.

SECTION 5. *And be it further enacted*, That it shall be lawful for the United States to pay and redeem the funded debt subscribed to the capital of the said bank, at the rates aforesaid, in such sums, and at such times, as shall be deemed expedient, any thing in any act or acts of congress to the contrary thereof notwithstanding. And it shall also be lawful for the president, directors, and company, of the said bank, to sell and transfer, for gold and silver coin, or bullion, the funded debt subscribed to the capital of the said bank as aforesaid. *Provided always*, That they shall not sell more thereof than the sum of two millions of dollars in any one year; nor sell any part thereof at any time, within the United States, without previously giving notice of their intention to the Secretary of the Treasury, and offering the same to the United States for the period of fifteen days, at least, at the current price, not exceeding the rates aforesaid.

The Secretary of the Treasury to subscribe on behalf of the United States.

SECTION 6. *And be it further enacted*, That, at the opening of subscription to the capital stock of the said bank, the Secretary of the Treasury shall subscribe, or cause to be subscribed, on behalf of the United States, the said number of twenty thousand shares, amounting to seven millions of dollars as aforesaid, to be

paid in gold or silver coin, or in stock of the United States, bearing interest at the rate of five per centum per annum; and if payment thereof, or of any part thereof, be made in public stock, bearing interest as aforesaid, the said interest shall be payable quarterly, to commence from the time of making such payment on account of the said subscription; and the principal of the said stock shall be redeemable in any sums, and at any period, which the government shall deem fit. And the Secretary of the Treasury shall cause the certificates of such public stock to be prepared, and made in the usual form, and shall pay and deliver the same to the president, directors, and company of the said bank, on the first day of January, one thousand eight hundred and seventeen, which said stock it shall be lawful for the said president, directors, and company, to sell and transfer for gold and silver coin or bullion, at their discretion: *Provided*, They shall not sell more than two millions of dollars thereof in any one year.

The subscribers to the bank incorporated, &c., their name and style.

SECTION 7. *And be it further enacted*, That the subscribers to the said Bank of the United States of America, their successors and assigns, shall be, and are hereby, created a corporation and body politic, by the name and style of "The president, directors, and company of the Bank of the United States," and shall so continue until the 3d day of March, in the year one thou-

sand eight hundred and thirty-six, and by that name shall be, and are hereby, made able, and capable, in law, to have, purchase, receive, possess, enjoy, and retain, to them and their successors, lands, rents, tenements, hereditaments, goods, chattels, and effects, of whatsoever kind, nature, and quality, to an amount not exceeding, in the whole, fifty-five millions of dollars, including the amount of the capital stock aforesaid; and the same to sell, grant, demise, lien, or dispose of; and to sue and be sued, plead and be impleaded, answer and be answered, defend and be defended, in all state courts having competent jurisdiction, and in any circuit court of the United States; and also to make, have, and use, a common seal, and the same to break, alter, and renew, at their pleasure; and also to ordain, establish, and put in execution, such by-laws, and ordinances, and regulations, as they shall deem necessary and convenient for the government of the said corporation, not being contrary to the constitution thereof, or the laws of the United States; and generally to do and execute all and singular the acts, matters, and things, which to them it shall or may appertain to do; subject, nevertheless, to the rules, regulations, restrictions, limitations, and provisions, hereinafter prescribed and declared.

Twenty-five directors—five to be appointed by the President, &c.

SECTION 8. *And be it further enacted, That, for the management of the affairs of the said*

corporation, there shall be twenty-five directors, five of whom, being stockholders, shall be annually appointed by the President of the United States, by and with the advice and consent of the Senate, not more than three of whom shall be residents of any one State; and twenty of whom shall be annually elected at the banking house in the city of Philadelphia, on the first Monday of January, in each year, by the qualified stockholders of the capital of the said bank, other than the United States, and by a plurality of votes, then and there actually given, according to the scale of voting, hereinafter prescribed. *Provided always*, That no person, being a director in the Bank of the United States, or any of its branches, shall be a director of any other bank; and should any such director act as a director in any other bank, it shall forthwith vacate his appointment in the direction of the Bank of the United States. And the directors, so duly appointed and elected, shall be capable of serving, by virtue of such appointment and choice, from the first Monday in the month of January in each year, until the end and expiration of the first Monday in the month of January, the year next ensuing, the time of each annual election to be held by the stockholders, as aforesaid. And the board of directors, annually, at their first meeting after their election in each and every year, shall proceed to elect one of the directors to be president of the corporation, who shall hold the said office during the same period for which the directors are appointed and elected, as aforesaid: *Provided also*, That the first ap-

pointment and election of the directors and president of the said bank shall be at the time and for the period hereinafter declared: *And provided also*, That, in case it should at any time happen that an appointment or election of directors, or an election of the president of the said bank, should not be so made as to take effect on any day when, in pursuance of this act, they ought to take effect, the said corporation shall not, for that cause, be deemed to be dissolved; but it shall be lawful at any other time to make such appointments, and hold such elections, (as the case may be,) and the manner of holding the election shall be regulated by the by-laws and ordinances of the said corporation: and until such appointments or elections be made, the directors and president of the said bank, for the time being, shall continue in office: *And provided also*, That in case of the death, resignation, or removal, of the president of the said corporation, the directors shall proceed to elect another president from the directors, as aforesaid; and in case of the death, resignation, or absence from the United States, or removal of a director from office, the vacancy shall be supplied by the President of the United States, or by the stockholders, as the case may be. But the President of the United States alone shall have power to remove any of the directors appointed by him, as aforesaid.

Manner and time of the bank's going into operation, &c.

SECTION 9. *And be it further enacted*, That, as soon as the sum of eight millions four hun-

dred thousand dollars, in gold and silver coin, and in the public debt, shall have been actually received on account of the subscriptions to the capital of the said bank (exclusively of the subscription aforesaid, on the part of the United States) notice thereof shall be given by the persons under whose superintendence the subscriptions shall have been made at the city of Philadelphia, in at least two newspapers printed in each of the places (if so many be printed in such places respectively) where subscriptions shall have been made, and the said person shall, at the same time, and in like manner, notify a time and place, within the said city of Philadelphia, at the distance of at least thirty days from the time of such notification, for proceeding to the election of twenty directors as aforesaid; and it shall be lawful for such election to be then and there made. And the President of the United States is hereby authorized, during the present session of congress, to nominate, and, by and with the advice and consent of the senate, to appoint, five directors of the said bank, though not stockholders, any thing in the provisions of this act to the contrary notwithstanding; and the persons who shall be elected and appointed as aforesaid, shall be the first directors of the said bank, and shall proceed to elect one of the directors to be president of the said bank; and the directors and president of the said bank, so appointed and elected as aforesaid, shall be capable of serving in their respective office, by virtue thereof, until the end and expiration of

the first Monday of the month of January next ensuing the said appointments and elections; and they shall then and thenceforth commence and continue the operation of the said bank, at the city of Philadelphia.

The directors empowered to appoint officers, clerks, servants, &c.

SECTION 10. *And be it further enacted*, That the directors for the time being shall have power to appoint such officers, clerks, and servants under them, as shall be necessary for executing the business of the said corporation, and to allow them such compensation for their services, respectively, as shall be reasonable; and shall be capable of exercising such other powers and authorities for the well governing and ordering of the officers of the said corporation, as shall be prescribed, fixed, and determined by the laws, regulations, and ordinances of the same.

Fundamental articles.

SECTION 11. *And be it further enacted*, That the following rules, restrictions, limitations, and provisions, shall form and be fundamental articles of the constitution of the said corporation, to wit:—

Rules concerning voting for directors.

First, The number of votes to which the stockholder shall be entitled, in voting for directors, shall be according to the number of shares he, she, or they, respectively, shall hold, in the proportions following, that is to say, for one share,

and not more than two shares, one vote; for every two shares above two, and not exceeding ten, one vote; for every four shares above ten, and not exceeding thirty, one vote; for every six shares above thirty, and not exceeding sixty, one vote; for every eight shares above sixty, and not exceeding one hundred, one vote; and for every ten shares above one hundred, one vote: but no person, copartnership, or body politic, shall be entitled to a greater number than thirty votes; and, after the first election, no share or shares shall confer a right of voting, which shall not have been holden three calendar months previous to the day of election. And stockholders actually resident within the United States, and none other, may vote in elections by proxy.

Second, Not more than three-fourths of the directors elected by the stockholders, and not more than four-fifths of the directors appointed by the President of the United States, who shall be in office at the time of an annual election, shall be elected or appointed for the next succeeding year; and no director shall hold his office more than three years out of four in succession; but the director who shall be the president at the time of an election may always be re-appointed or re-elected, as the case may be.

Third, None but a stockholder, resident citizen of the United States, shall be a director; nor shall a director be entitled to any emolument; but the directors may make such compensation to the president for his extraordinary

attendance at the bank, as shall appear to them reasonable.

Fourth, Not less than seven directors shall constitute a board for the transaction of business, of whom the president shall always be one, except in case of sickness or necessary absence; in which case, his place may be supplied by any other director whom he, by writing under his hand, shall depute for that purpose. And the director so deputed, may do and transact all the necessary business, belonging to the office of the president of the said corporation, during the continuance of the sickness or necessary absence of the president.

Fifth, A number of stockholders, not less than sixty, who, together, shall be proprietors of one thousand shares or upwards, shall have power at any time to call a general meeting of the stockholders, for purposes relative to the institution, giving at least ten weeks' notice in two public newspapers of the place where the bank is seated, and specifying in such notice the object or objects of such meeting.

Sixth, Each cashier or treasurer, before he enters upon the duties of his office, shall be required to give bond, with two or more sureties, to the satisfaction of the directors, in a sum not less than fifty thousand dollars, with a condition for his good behaviour, and the faithful performance of his duties to the corporation.

Seventh, The lands, tenements, and hereditaments, which it shall be lawful for the said corporation to hold, shall be only such as shall be

requisite for its immediate accommodation in relation to the convenient transacting of its business, and such as shall have been *bona fide* mortgaged to it by way of security or conveyed to it in satisfaction of debts previously contracted in the course of its dealings, or purchased at sales, upon judgments which shall have been obtained for such debts.

Eighth, The total amount of debts which the said corporation shall at any time owe, whether by bond, bill, note, or other contract, over and above the debt or debts due for money deposited in the bank, shall not exceed the sum of thirty-five millions of dollars, unless the contracting of any greater debt shall have been previously authorized by law of the United States. In case of excess, the directors, under whose administration it shall happen, shall be liable for the same in their natural and private capacities; and an action of debt may, in such cases, be brought against them, or any of them, their or any of their heirs, executors, or administrators, in any court of record of the United States, or either of them, by any creditor or creditors of the said corporation, and may be prosecuted to judgment and execution; any condition, covenant, or agreement to the contrary notwithstanding. But this provision shall not be construed to exempt the said corporation, or the lands, tenements, goods, or chattels of the same, from being also liable for, and chargeable with, the said excess. Such of the said directors, who may have been absent when the said excess was contracted or created, or who may have dissented from the

resolution or act whereby the same was so contracted or created, may respectively exonerate themselves from being so liable, by forthwith giving notice of the fact, and of their absence or dissent, to the President of the United States, and to the stockholders, at a general meeting, which they shall have power to call for that purpose.

Ninth, The said corporation shall not, directly or indirectly, deal or trade in any thing except bills of exchange, gold or silver bullion, or in the sale of goods, really and truly pledged, for money lent and not redeemed in due time, or goods which shall be the proceeds of its lands. It shall not be at liberty to purchase any public debt whatsoever, nor shall it take more than at the rate of six per cent. per annum, for or upon its loans or discounts.

Tenth, No loan shall be made by the said corporation, for the use or on account of the government of the United States, to an amount exceeding five hundred thousand dollars, of any particular state, to an amount exceeding fifty thousand dollars, or of any foreign prince or state, unless previously authorized by a law of the United States.

Eleventh, The stock of the said corporation shall be assignable and transferable, according to such rules as shall be instituted in that behalf, by the laws and ordinances of the same.

Twelfth, The bills, obligatory and of credit, under the seal of the said corporation, which shall be made to any person or persons, shall be assignable by endorsement thereupon, under

the hand or hands of such person or persons, and his, her, or their executors or administrators, and his, her, or their assignee or assignees, and so as absolutely to transfer and vest the property thereof in each and every assignee or assignees, successively, and to enable such assignee or assignees, and his, her, or their executors or administrators, to maintain an action thereupon, in his, her, or their own name or names: *Provided*, That said corporation shall not make any bill, obligatory or of credit, or other obligations under its seal, for the payment of a sum less than five thousand dollars. And the bills or notes which may be issued by order of the said corporation, signed by the president, and countersigned by the principal cashier or treasurer thereof, promising the payment of money to any person or persons, his, her, or their order, or to bearer, although not under the seal of the said corporation, shall be binding and obligatory upon the same, in like manner, and with like force and effect, as upon any private person or persons, if issued by him, her, or them, in his, her, or their private or natural capacity or capacities, and shall be assignable and negotiable in like manner as if they were so issued by such private person or persons; that is to say, those which shall be payable to any person or persons, his, her, or their order, shall be assignable by endorsement, in like manner, and with the like effect as foreign bills of exchange now are; and those which are payable to bearer, shall be assignable and negotiable by delivery only: *Provided*, That all bills or notes, so to be issued by said corpora-

tion, shall be made payable on demand, other than bills or notes for the payment of a sum not less than one hundred dollars each, and payable to the order of some person or persons, which bills or notes it shall be lawful for said corporation to make payable at any time not exceeding sixty days from the date thereof.

Thirteenth, Half year dividends shall be made of so much of the profits of the bank as shall appear to the directors advisable; and once in every three years the directors shall lay before the stockholders, at a general meeting, for their information, an exact and particular statement of the debts which shall have remained unpaid after the expiration of the original credit, for a period of treble the term of that credit, and of the surplus of the profits, if any, after deducting losses and dividends. If there shall be a failure in the payment of any part of any sum subscribed to the capital of the said bank, by any person, copartnership, or body politic, the party failing shall lose the benefit of any dividend which may have occurred prior to the time of making such payment and during the delay of the same.

Fourteenth, The directors of the said corporation shall establish a competent office of discount and deposite in the district of Columbia, whenever any law of the United States shall require such an establishment; also one such office of discount and deposite in any state in which two thousand shares shall have been subscribed or may be held, whenever, upon application of the legislature of such state, Congress

may, by law, require the same : *Provided*, The directors aforesaid shall not be bound to establish such office before the whole of the capital of the bank shall have been paid up. And it shall be lawful for the directors of the said corporation to establish offices of discount and deposit, wheresoever they shall think fit, within the United States or the territories thereof, and to commit the management of the said offices, and the business thereof respectively, to such persons, and under such regulations, as they shall deem proper, not being contrary to law or the constitution of the bank. Or, instead of establishing such offices, it shall be lawful for the directors of the said corporation, from time to time, to employ any other bank or banks, to be first approved by the Secretary of the Treasury, at any place or places that they deem safe and proper, to manage and transact the business proposed as aforesaid, other than for the purposes of discount, to be managed and transacted by such offices under such agreements, and subject to such regulations, as they shall deem just and proper. Not more than thirteen, nor less than seven managers or directors, of every office established as aforesaid, shall be annually appointed by the directors of the bank, to serve one year ; they shall choose a president from their own number ; each of them shall be a citizen of the United States, and a resident of the state, territory, or district, wherein such office is established ; and not more than three-fourths of the said managers or directors, in office at the time of an annual appointment, shall be re-

appointed for the next succeeding year; and no director shall hold his office more than three years out of four in succession; but the president may always be reappointed.

Fifteenth, The officer at the head of the Treasury Department of the United States shall be furnished, from time to time, as often as he may require, not exceeding once a week, with statements of the amount of the capital stock of the said corporation, and of the debts due to the same; of the moneys deposited *therein*, of the notes in circulation, and of the specie on hand; and shall have a right to inspect such general accounts in the books of the bank as shall relate to the said statement: *Provided,* That this shall not be construed to imply a right of inspecting the account of any private individual or individuals with the bank.

Sixteenth, No stockholder, unless he be a citizen of the United States, shall vote in the choice of directors.*

* The object of this clause undoubtedly was, to guard against any foreign influence that might, directly or indirectly, creep into the institutions of our country; and whilst the government have wisely fortified the administration of the affairs of the bank against every avenue that might seem to admit of any dangerous exercise of power, they have, with equal wisdom, left the stock to find its proper value, both in the foreign and domestic market. Stock, like any kind of unprohibited merchandise, has for years been an article of traffic in all civilized countries. A large proportion of the stock of the state of New-York, called "Canal Stocks," also the stocks of other states, and of local banks, are owned by foreigners. A majority of the stock of the Manhattan Bank in the city of New-York, one of the depositories of the public funds, is said to be owned by a single foreigner, who has the right of voting for

Seventeenth, No note shall be issued of less amount than five dollars.

directors; and can choose president, directors, cashier, and all other officers or agents of the institution. The interest both of government, and of individuals, is frequently promoted by the sale of stocks in foreign markets.

Suppose, for instance, as it is frequently the case, a scarcity of money, and a consequent high rate of interest in the United States, whilst at the same time, there is an abundance, and a consequent low rate in Europe; the government, on an emergency, from the general confidence of capitalists in stocks, would be enabled to immediately raise funds for any national object on more favourable terms, than if the sale of American stocks to foreigners was prohibited. Suppose, also, an American owner of stock, bearing an interest of seven per cent., desirous of selling the same, he would consider it, and very justly, an act of great injustice, to be prohibited from selecting the best purchaser.

Money, in the American market, for ordinary business transactions, might be worth, on the best securities, seven per cent.; and at the same time, and for the same purposes, in Europe, not more than four per cent.—the consequence of this state of things would be, that the American owner of stock, if restricted in his sale to an American citizen, would realize only a hundred cents on a dollar of its nominal amount; whereas, if permitted to sell it to a foreigner, he might realize 10, 15, or 20 per cent. profit.

There would be as much propriety in prohibiting a farmer, in time of peace, from selling his wheat and other productions in a foreign market, and at an advanced price, as in prohibiting him, in like manner, from the sale of stocks. The principle might appear too evident to need a word of comment or illustration; indeed, the subject would not have been mentioned, had it not been for the sake of noticing some singular and extraordinary remarks in the Message of the President of the United States, of July 10th, 1832, vetoing the bill "to modify and continue the present bank charter," of which the following are extracts.

"Should the stock of the bank principally pass into the hands of the subjects of a foreign country, and we should unfortunately become involved in a war with that country, what would be our condition? Of the course which would be par-

Penalties for dealing in a way or in articles interdicted.

Sec. 12. *And be it further enacted, That if the said corporation, or any person or persons*

sued by a bank almost wholly owned by the subjects of a foreign power, and managed by those whose interests, if not affections, would run in the same direction, there can be no doubt. All its operations within, would be in aid of the hostile fleets and armies without; controlling our currency; receiving our public moneys, and holding thousands of our citizens in dependence, *it would be more formidable and dangerous than the naval and military power of the enemy.*"

"*If we must have a bank with private stockholders, every consideration of sound policy, and every impulse of American feeling, admonish that it should be purely American.* Its stockholders should be composed exclusively of our own citizens, who, at least, ought to be friendly to our government, and willing to support it in times of difficulty and danger. So abundant is domestic capital, that competition, in subscribing for the stock of local banks, has recently led almost to riots. *To a bank, exclusively of American stockholders, possessing the powers and privileges granted by this act, subscriptions for two hundred millions of dollars might be readily obtained. Instead of sending abroad the stock of the bank, in which the government must deposit its funds, and on which it must rely to sustain its credit in time of emergency, it would rather seem to be expedient to prohibit its sales to aliens, under penalty of absolute forfeiture.*"

Had sentiments similar to those contained in the foregoing extract, been avowed by the ordinary class of porter-house politicians, some excuse, in the whole range of human charity, might be afforded.—We might condemn the principle, while pitying the ignorance and stupidity from which it proceeded—but considering that it emanated from the chief magistrate of a nation, professing to be the most enlightened in the world, I am led to believe, that thousands, on reading the production, experienced the same sensations that I did; I considered myself as an American citizen degraded; I considered the whole nation, in the eyes of true patriotism and intelligence, degraded; and I should feel as though I was rendering the greatest service to the reputation of my country, did I but possess the power, and then exercise it, of not only oblite-

for, or to the use of the same, shall deal or trade in buying or selling, goods, wares, mer-

rating this extract from the face of paper, but from the memory of the human race. In it we are told, in substance, that although foreign stockholders have no voice in the selection of directors chosen to manage the concerns of the bank, still these very foreigners would possess an influence and control over the directors, inimical to the best interests of the country—that in the event of a war, although American citizens have the exclusive control of the funds of the enemy, still such control, and “all its operations within (meaning the operation of the Bank within the United States) would be in aid of the hostile fleets and armies without,” (that is, if the Americans were to employ the funds of the bank in providing men and the implements of war to repel the hostile attacks of the enemy, still such a measure “would be in aid of hostile fleets and armies without.”) Suppose the enemy were to surrender into our hands “their hostile fleets and armies,” would such an event “be in aid of the hostile fleets and armies without.”

Seriously, the topic is too insignificant to merit one moment's discussion—the only consideration that it is worthy of, is either that of contempt or of ridicule. Had a merchant promulgated such doctrines as those avowed by President Jackson, he would have been considered by all men of ordinary understanding, either insane, or as wanting common honesty, or common sense. And had a person ten years ago predicted, that in the short period of eight years, a chief magistrate of these United States, after avowing such sentiments, would be re-elected with acclamation, to that exalted station, I should have considered it a wilful slander upon the intelligence, sagacity, and patriotism of the American people. But time has shown that what the imagination might have painted as a fiction, or an impossibility, exists in reality—that which may be fairly considered an insult upon the understanding of the American people has been ratified by a majority of themselves; and considering that they are thus deluded by their President, what may not be expected from the press of the country, devoted to him, or under his control? These remarks are induced from an article in the Albany Argus, of the 26th of May, 1834, which says: “During the very period when the United States Bank was curtailing its accommodations to an amount of about twenty-eight millions of dollars in sixteen months, and when the merchants were falling before its mighty

chandises, or commodities, whatsoever, contrary to the provisions of this act, all and every

power, *Mr. Biddle, who controls the bank by the aid of proxies from British lords*, loaned two hundred thousand dollars to construct a canal in Canada, a rival to the Erie Canal; and loaned, as has been alleged and not denied by the hired presses of the bank, eight hundred thousand dollars to an agent of the Barings, of London." I shall never forget the indignation, I might say almost fury, manifested by a young and ardent politician, towards the bank, on reading this article in the Argus, when a bystander gently observed to him, "Young man, do you know that the editor of the Argus is deceiving you—do you not know that a foreigner cannot vote on his stock?" "Deceiving me!" said the young politician, "I don't believe it—the editor of the Albany Argus is state printer—his paper has a greater circulation than any other in the state—he is the organ of the republican party: do you suppose," said he, "that the republican members of the legislature would employ one as State printer that would publish a falsehood?" "I do not *suppose* any thing about it," said the bystander, "I know that a foreigner cannot vote on his stock." "I'll bet you ten dollars of it," said the young politician. "I don't wish to bet," said the bystander, "I know—and I perceive you do not." "Ah-hah!" said he, wagging his head, "you dare not bet." "Dare not!" said the bystander, "I don't wish to take your money." "I'm able to lose ten dollars," said the young politician, "but if I don't lose ten dollars till I lose it on such a bet, I shall never be poorer on that account—I say, sir, you dare not bet me." "Young man," said the bystander, "I perceive that you have a wonderful deal of assurance—I have told you once that I did not want your money; if you wish to give me ten dollars, say so: or if you insist upon betting, so be it. I bet with you upon no other principle than thinking that the loss of ten dollars may teach you prudence, and not to trust too much to such newspapers as the Albany Argus." The money was staked—the Bank Charter was produced—and the holder of the stakes decided in favour of the bystander. The Albany Argus, as stated by the young politician, is state printer—the article undoubtedly had the effect intended—to inflame the passions of the ignorant. But, of what consequence is it to the editor of the Albany Argus, if a few dollars are lost by the ignorant, in consequence of his misrepresentations. He is a sagacious man, and a politician, knowing that there are

person or persons by whom any order or direction for so dealing or trading shall have been given, and all and every person and persons who shall have been concerned as parties or agents therein, shall forfeit and lose treble the value of the goods, wares, merchandises, and commodities, in which such dealing and trade shall have been, one half thereof to the use of the informer, and the other thereof to the use of the United States, to be recovered in any action of law, with costs of suit.

Penalties for making unlawful loans to the United States, or particular States, or to foreign governments.

SECTION 13. *And be it further enacted, That,* if the said corporation shall advance or lend any

thousands in the country who are told that they are more enlightened than any other people in the civilized world, but in reality who never read scarcely any thing besides a corrupt partisan newspaper; whose habits and education are such as never lead them to a calm, dispassionate reflection upon any subject. Men that are influenced by their passions instead of their reason.—Men that have no fixed principles of their own.—Men that are led by artful and ambitious demagogues, who, after accomplishing their selfish objects, laugh in their sleeves at those who have been made their tools.

Hundreds of misrepresentations, in relation to the Bank of the United States, similar to that of the Albany Argus, and made by partisan newspapers, might be shown; but the limits of this work will not admit of their insertion. Indeed, a work of this size would scarcely begin to contain them. If a person will take the trouble to examine, he will find that scarcely an editorial article upon the subject of the Bank of the United States appears in the Globe, and other kindred prints, but that is falsely stated or falsely coloured: and so long as the people will be influenced by such papers—so long will they be subjects of error, and blind to their own interests, and the general interests of the community.—*Compiler*

sum of money for use or on account of the government of the United States, to an amount exceeding five hundred thousand dollars; or of any particular state, to an amount exceeding fifty thousand dollars; or of any foreign prince or state, (unless previously authorized thereto by a law of the United States,) all and every person and persons, by and with whose order, agreement, consent, approbation, and connivance, such unlawful advance or loan shall have been made, upon conviction thereof, shall forfeit and pay, for every such offence, treble the value or amount of the sum or sums which have been so unlawfully advanced or lent; one-fifth thereof to the use of the informer, and the residue thereof to the use of the United States.

Notes of the bank, unless specially prohibited by law, receivable in payment of all dues to the United States.

SECTION 14. *And be it further enacted, That,* the bills or notes of the said corporation, originally made payable, or which shall have become payable on demand, shall be receivable in all payments to the United States, unless otherwise directed by act of Congress.

The bank to give the necessary facilities, without any charge, for transferring the funds of the United States to different quarters.

SECTION 15. *And be it further enacted, That,* during the continuance of this act, and whenever required by the Secretary of the Treasury, the said corporation shall give the necessary facilities for transferring the public funds from place

to place, within the United States, or territories thereof, and for distributing the same in payment of the public creditors, without charging commissions or claiming allowance, on account of difference of exchange, and shall also do and perform the several and respective duties of the Commissioners of Loans for the several states, or of any one or more of them, whenever required by law.

Deposites of the public moneys to be made in the bank or its branches, or the reasons to be laid before Congress by the Secretary of the Treasury for its not being done.

SECTION 16. *And be it further enacted,* That the deposits of the money of the United States, in places in which the said bank and branches thereof may be established, shall be made in the said bank, or branches thereof, unless the Secretary of the Treasury shall, at any time, otherwise order and direct;* in which case the Secre-

* The depository of the public moneys was changed from the Bank of the United States on the 1st of October, 1833, in consequence of an order from the Secretary of the Treasury, previously dictated to him, on the 13th September, by the President of the United States.

The reasons dictated by the President, to be assigned by the Secretary, and which were declined by Mr. Duane, then Secretary of the Treasury, (for which he was removed from office by the President); but were, in a great measure, assigned by his successor, Roger B. Taney, (who it was known to the President would yield to his unwarranted dictation,) were:—

First, That he had thought, as early as 1829, that the bank was a dangerous institution.

Second, The motive of the bank, in asking for a re-charter

tary of the Treasury shall immediately lay before Congress, if in session, and, if not, im-

in 1832, was, to make it a leading political question in the pending presidential election, and as avowed by some of the bank advocates to bring *the President to the test*.

Third, That the bank, from January, 1831, to May, 1832, had extended its discounts from \$42,102,304 24, to \$70,428,070 72.

Fourth, That the *people*, by re-electing him, had decided that the bank should not be re-chartered.

Fifth, The *President* considers the question definitely settled, that the bank will not be re-chartered.

Sixth, *The responsibility being thrown upon the executive of deciding how long before the expiration of the charter, the public interests will require the deposits to be placed elsewhere, the President* fixes upon the 1st day of the following October as the proper time.

Seventh, That the bank had charged the government \$153,842 77 damages on a bill drawn by the United States upon the French government, which bill was not honoured by the French government.

Eighth, That the most important business, even that of granting discounts, is intrusted to five members, who do not report to the board.

Ninth, That the government directors were not appointed on the Exchange Committee.

Tenth, That the bank had expended during the years 1830, '31, and '32, under the direction of the president of the bank, about \$30,000 in republishing and distributing "an article copied from the American Quarterly Review, containing favourable notices of the bank:" numerous Reports of the Committee on Finance made in the Senate during the Session of 1830, of which General Smith (a decided supporter of President Jackson) was chairman; a large number of Reports of the Committee of Ways and Means, made in the House of Representatives during the year 1830, (a majority of this committee were political friends of President Jackson, and they are said to have been unanimous in their report.) Besides the expenses incurred in these publications, it is alleged by the President, that the bank purchased and distributed "some hundred thousand copies of newspapers, reports, and speeches made in Congress, reviews of the veto message, and reviews of speeches against the bank," &c. &c.

mediately after the commencement of the next session, the reasons of such order or direction.

Accompanying the President's manifesto, was a "Report of the government directors of the Bank of the United States to the President," in relation to the expenditures by the bank for printing, the substance of which are contained in the tenth charge.

The directors of the bank, in a report of December 3, 1833, made a reply to all the charges of the President, showing, That the bank had, in no instance, violated its charter—that several charges, made by the President, were wholly unfounded—that, in others, the motives of the bank had been misrepresented—and that the President had assumed the province both of *accuser and judge*.—That every thing done by the bank, was warranted by its charter, and had, moreover, been done with reference to the pecuniary aid of the country.—That the bank must necessarily be the judge of its own concerns, and that the President had no lawful right to interfere with them, except to sue out a scire facias for violating its charter; but that "a judicial investigation of his charges is precisely what he (the President) dreaded."

In answer to one of the charges made by the President, that "The fact that the bank controls, and in some cases substantially owns, and by its money supports some of the leading presses of the country, is now more clearly understood,"—the directors of the bank say, "This whole allegation is denied."

"The bank does not *now* control, and *never did* control any press whatever—the bank does not *now* support, nor did it *ever* support, by its money, any press. Created for the purpose of giving aid to every branch of industry, it has not presumed to proscribe the conductors of the press, from their share of the accommodation, due to their capital and industry. Of the extent and security of those loans, the directors claim the privilege of judging."

Speaking of the views and course of policy, ever pursued by the bank, in relation to the politics of the country, the directors say that, "Since the establishment of the institution it has devoted itself anxiously and exclusively to the purposes of its creation, the restoration of the currency, the maintenance of the general credit, and the accommodation of the internal and foreign trade of the country. That it has not failed

Corporation prohibited from suspending payments in specie, by being made chargeable with the payment of interest at the rate 12 per centum per annum.

SECTION 17. *And be it further enacted, That the said corporation shall not at any time, sus-*

in these objects—that it has indeed realized *more* than the anticipations of the most sanguine, is attested by all parts of the community. It was in the midst of this career of inoffensive usefulness, when, soon after the accession to power of the present executive, the purpose was distinctly revealed, that other duties than those to the country were required—and that it was necessary for the bank, in administering its affairs, to consult the political views of those who had now obtained the ascendancy in the executive. It is understood, that soon after that event, a meeting was held in Washington of the principal chiefs, to consider the means of perpetuating their new authority, and the possession of the bank was among the most prominent objects of the parties assembled. The first open manifestation of this purpose was in June, in 1829, when a concerted effort was made by the executive officers to interfere in the election of the board of directors at Portsmouth. At the head of this attempt was Mr. Levi Woodbury, now a member of the present cabinet at Washington, who did not hesitate to avow, in a letter to the Secretary of the Treasury, which, though marked “confidential,” was subsequently ordered to be published by the Committee of Investigation, in 1832—that he wished the interference of the government to remove the president of the branch at Portsmouth; of whom he says:—

“The new president, Jeremiah Mason, is a particular friend of Mr. Webster, and his political character is doubtless well known to you—and he requested the Secretary of the Treasury to communicate with some of the directors of the mother bank in favour of such a change.

“This letter of Mr. Woodbury was transmitted to the bank by the Secretary of the Treasury, who stated that “from some expressions in this letter, it may be inferred that it is partly founded on a supposed application of the influence of the bank, with a view to political effect,”—in consequence of which he deemed it his duty to present it to the bank “*with the views of the administration in relation to it.*” At the same time, Mr. Isaac Hill, acting as the Comptroller of the

pend or refuse payment in gold and silver, of any of its notes, bill, or obligations; nor of any

Treasury, until rejected by the Senate, and now a Senator of the United States, sent a memorial from the members of his political party in the legislature of New-Hampshire, requesting the removal of Mr. Mason. In another communication presented to the bank, he gave it as his opinion, that no measure short of Mr. Mason's removal would tend "*to reconcile the people of New-Hampshire to the bank,*" and that "the friends of General Jackson in New-Hampshire, have had but too much reason to complain of the management of the branch bank at Portsmouth." Finally, the Secretary at War ordered the transfer of the pension fund from the branch bank at Portsmouth to another bank in Concord; an act so obviously in violation of the laws, that it was first resisted by the bank, and then retracted by the Secretary.

"It became then manifest to the bank, that there was a combined effort to render the institution subservient to political purposes; and that it was necessary to come to some immediate and distinct understanding of its rights and duties. This was done in the correspondence of the president of the bank with the Secretary of the Treasury, of which the following passages will indicate the general purport.

"Presuming that we have rightly apprehended your views, and fearful that the silence of the bank might be hereafter misconstrued into an acquiescence in them, I deem it my duty to state to you, in a manner perfectly respectful to your official and personal character, yet so clear as to leave no possibility of misconception, that the board of directors of the Bank of the United States, and the board of directors of the branches of the Bank of the United States, *acknowledge not the slightest responsibility of any description whatsoever to the Secretary of the Treasury touching the political conduct of their officers. That being a subject on which they never consult, and never desire to know the views of any administration.*"

Again: "Accordingly the act of Congress simply declares, that for the management of the affairs of the said corporation, there shall be twenty-five directors. When these are chosen, the whole administration of the bank is committed to their exclusive care. *Their responsibility for the management of it is to Congress, and to Congress alone; but no executive officer of the government, from the President of the United States downwards, has the slightest authority to interfere in it; and there can be no more warrant for suggesting the*

moneys received upon deposit in said bank, or in any of its offices of discount and deposit. And

views of the administration to the Bank of the United States, than to the Supreme Court of the United States.

Finally: "*For the bank, which has specific duties to perform, and which belongs to the country, and not to any party, there is but one course of honour or of safety. Whenever its duties come in conflict with the spirit of party, it should not compromise with it, nor capitulate to it, but resist it—resist it openly and fearlessly. In this its interest concurs with its duty, for it will be found at last, such is the good sense of the country, that the best mode of satisfying all parties is to disregard them all.*"

"These extracts reveal the whole secret of the hostility to the Bank of those, who, finding it impossible to bend it to their purposes, have resolved to break it. For this purpose, all the poisoned weapons of political warfare have, for the last four years, been unsparingly and unceasingly employed against the institution. Thus far their efforts have failed—they have been defeated before Congress, and discountenanced by the community. But now, being relieved from the presence of Congress, and the legal guardian of the public revenue being removed, they have ventured on this last act of violence.

"To justify this measure is the purpose of the paper signed 'Andrew Jackson.' Of the paper itself and of the individual who has signed it, the Committee find it difficult to speak with the plainness by which alone such a document, from such a source, should be described, without wounding their own self-respect, and violating the consideration which all American citizens must feel for the chief magistracy of their own country."

2. The reply of the bank to this charge is, that the President had, for three years in succession, in his annual Message to Congress, invited the attention of that body, to a subject of a renewal of the Bank Charter. "It was," say the directors, "under these distinct and repeated invitations, by the President himself, that the bank felt itself obliged not to decline his call upon Congress, and accordingly the subject was brought before that body."

3. The following explanation is given by the bank in relation to this charge.

if the said corporation shall, at any time, refuse or neglect to pay on demand, any bill, note, or

1st, "The fact in regard to the increase of loans is mis-stated—and that the motives of them are wholly perverted. The truth is, that the loans at the period mentioned stood thus :

	January, 1831.	May, 1832.
"Loans to individuals,	\$33,575,403 43	\$47,375,078 20
Loan to Government,	8,674,631 06	
Domestic Bills,	10,456,653 90	23,052,972 52
	<u>\$52,706,738 39</u>	<u>\$70,428,050 72</u>
		52,706,738 39
		<u>\$17,721,312 33</u>
"Baring, Brothers & Co. Cr.,	\$2,387,331 19	Dr. \$1,878,122 29

From this it is manifest that between those two periods the bank had received from Government the reimbursement of

		\$8,674,631 06
"It had drawn for its foreign funds,	2,387,331 19	
And drawn on its foreign correspondents for an additional sum of	1,878,122 20	
Making a total of		<u>\$4,265,453 48</u>
Thus furnishing additional means of discounting to the amount of		<u>\$12,940,134 54</u>
Yet its actual loans—its actual dis- counts were increased only		<u>\$5,124,893 71</u>

4. In answer to the fourth charge, the bank says, "Now it is impossible for any one to believe this, since it is notorious that many of the most decided friends of the bank were his (the President) zealous supporters. Thus Pennsylvania was the most efficient of them all; yet that same Pennsylvania, with extraordinary unanimity, in February, 1831, passed the following resolution:—

obligation, issued by the corporation, according to the contract, promise, or undertaking, therein

“That the Constitution of the United States authorizes, and near half a century’s experience sanctions, a Bank of the United States, as necessary and proper to regulate the value of money, and prevent paper currency of unequal and depreciated value.”

Again, with equal unanimity, in February, 1832, the following:—

“That the Senators from this state in the Congress of the United States be instructed, and the Representatives requested to use their exertions to obtain a renewal of the Charter of the Bank of the United States, during the present Session of Congress, with such alterations, (if any be necessary) as may secure the rights of the states.”

5. Nothing said. The compiler thinks that the President assumes a heavy responsibility, in saying what will hereafter be done. He moreover thinks that the people’s Representatives have the right of reconsidering the question, as to a re-charter of the bank, should they think proper to do so.

6. Nothing in particular said. The compiler has attentively examined the Constitution of the United States, the charter of the bank, and all the laws of the United States in relation to “Executive Duties,” and he cannot see from what source the President derives the authority to exercise such powers or duties as are claimed in this instance.

7. The bank clearly show, that they were entitled to the damages claimed—and that the Government *when a purchaser* of foreign bills, had uniformly exacted damages on all that were protested. They cite the case of a bill purchased by Government of Stephen Girard exactly analogous to their own. In the case referred to, the Government would not relinquish the usual damages.

8. In answer to this charge the bank says:

“The *Charter* does not require seven directors to make discounts.

“Nor do the *rules of the bank* require seven directors.

“Nor is it true that any Committee of five has the power to discount.

expressed ; or shall neglect, or refuse to pay, on demand, any moneys received in said Bank,

“Nor does any Committee discount without reporting to the Board.

“The business of the Board is, to prescribe how the details of the operation of the Bank are to be made—it may delegate a portion of its power of making loans to Committees; for in truth to require a Board of seven directors to meet before any bill could be discounted, would entirely destroy the most useful operations of the Bank.—And accordingly the exchange Committee meet every day, for the purchase of bills, and their purchases are submitted to the Board at their next meeting.”

9. In answer to this charge the Bank says,

“Now of these (five government) directors who could not be appointed, there were but two residents of Philadelphia—the third not having yet been appointed. Why these two directors, one of whom had just come for the first time into a banking institution, were not named on the Committees in place of old and valued directors, it would be more *invidious* than *difficult* to decide; but that there was no studied exclusion was obvious from the fact, that at the very next quarterly appointment, two out of the three of the Government directors were placed on Committees.”

The compiler considers this to be the most futile charge imaginable. The President of the Bank exercises powers, in the appointment of Committees, similar to those of the Speaker of the House of Representatives.—If the course pursued by the President of the Bank be a sufficient cause of complaint, who, let it be asked, would ever be the presiding officer of any deliberative body?—Should the Speaker of the House of Representatives, for instance, appoint Mr. A. on the Committee of Ways and Means, one might say that there was great injustice, Mr. A. ought to have been appointed on the Committee of Manufacturers, of Commerce, or of Foreign Affairs—if appointed on either of these, one might say that he ought to have been appointed a Member of the Committee of Ways and Means, so that it would be impossible to silence complaints of that nature, should any one feel disposed to make them. It is well known that the presiding officer of all deliberative bodies, uniformly exercises his judgment in the selection of persons to serve on Committee, and it is

or in any of its offices aforesaid, on deposit, to the person or persons entitled to receive

always understood that he generally chooses such as he considers best qualified to perform the requisite duties.

10. In answer to this charge, the bank says,

“This too is another misstatement.” They admit the following expenditures, viz.

	Printing and circulating Reports to Congress.	Speeches in Congress and miscellaneous publications.
1830	\$5,085 67	\$2,901 47
1831	2,650 97	19,057 56
1832	4,395 63	22,183 74
1833		2,600 00
	\$12,132 27	\$46,132 77

So that the general result is, that within four years past the bank has been obliged to incur an expense of \$58,000 to defend itself against injurious misrepresentations.

“This has been done with regret that it *should be necessary*, but with the strongest conviction of its propriety, and without the slightest wish either to *disavow or to conceal it*. On the contrary, the bank asserts *its clear right to defend itself* equally against those who *circulate false statements, and those who circulate false notes*. Its sole object, in either case, is *self-defence*. It cannot suffer itself to be calumniated down, and the interests confided to its care *sacrificed by falsehoods*. A war of unexampled violence has been waged against the bank. *The institution defends itself*. Its assailants are what are called *politicians*; and when statements, which they cannot answer, are presented to the country, they reproach the bank *with interfering in politics*. As these assaults, too, are made at a period of public elections, the *answers of the bank must of course follow at the same time*—and thus,

the same, then, and in every such case, the holder of any such note, bill, or obligation, or

because these politicians assail the bank on the eve of elections, *unless the institution stands mute, it is charged with interfering in politics, and influencing elections.* The bank has never interfered in the slightest degree in politics, and never influenced or sought to influence elections; *but it will not be deterred by the menaces or clamours of politicians, from executing its duty in defending itself.* Of the time, and manner, and degree, and expense, connected with this service, the board of directors claim to be the sole and exclusive judges. Whether the defence is too costly, is for the *stockholders* whose interests are sustained by it to decide; but certainly the assailants themselves have no right to complain of the expenses they have occasioned. Their own duty in the full proportion which may be needed for defending the institution intrusted to them, the board of directors will cheerfully and zealously perform."

The shock produced to the trading portion of the United States, the want of confidence that pervaded every class of community, and the general embarrassment experienced in every kind of business throughout the whole community, in consequence of the removal of the deposits, are facts, too familiar with every one, to need particularizing. But these disasters are but of minor consideration to the people, when compared with the palpable usurpation of power by the Executive, and by the Secretary of the Treasury, and with what may be its future results, upon the civil liberties of the country, if sanctioned by the people.

In the first place, the word "deposits," in the section under consideration, clearly has reference, *not to moneys already in the bank, but to moneys to be put into the bank*—this was the construction given by Mr. Calhoun and other eminent statesmen, and it was never controverted it is believed, by any one, either *in* or *out* of Congress.

the person or persons entitled to demand and receive such moneys as aforesaid, shall, respec-

It was clearly the intention of the framers of the charter, that moneys, once deposited in the bank, should never be withdrawn, except in the direct payment of claims upon the government; still, several drafts, amounting to more than a million and a half of dollars, were given by the Secretary of the Treasury, *not in payment to public claimants, but to State deposit banks*: here was clearly an assumption of power, on the part of the Secretary of the Treasury, not warranted by the bank charter, nor by any other act of Congress.

Were this the only unlawful exercise of power, connected with the "removal of the deposits," (as the act was generally termed) there might be less cause of animadversion than exists in consequence of the whole transaction. The source from which the order emanated, to change the depository of the public moneys, is pregnant with more serious consequences to the rights and liberties of the people, than any thing else in relation to the subject. By reference to the 16th section, it will be clearly perceived, that Congress, in framing that section, contemplated, *not the performance of any specific duty, but an exigency, that might arise, requiring the exercise of discretionary authority*. This discretionary authority was unqualifiedly vested by law in the Secretary of the Treasury; for which he is accountable to Congress—and to that body only. Should the Secretary wilfully abuse the trust reposed in him, Congress would have the *right*, and it would be their *solemn duty*, to impeach him. But it appears from the history of this transaction, that although Congress has expressly conferred *this discretionary power* upon the Secretary of the Treasury, and that although the Secretary of the Treasury, after bestowing all the reflection upon the subject required by its magnitude, comes to the conclusion that the public good did not require a change of the depository, still the *President* decides, in the first place, that

tively be entitled to receive and recover interest on the said bills, notes, obligations, or moneys,

this discretionary trust is not reposed in the *Secretary of Treasury*, but in *him, the Executive*: and in the second place, that the depository shall be changed—"He takes the responsibility." By reference to the 23d sect. it will be perceived, that a discretionary authority is conferred upon the President, to "order a scire facias to be sued out of the Circuit Court of the District of Pennsylvania." If, then, Congress had intended that the President should exercise the same discretionary power conferred by the 16th section, as is expressly given him by the 23d section, would they not, in framing the law, have inserted the word "President" instead of the words "Secretary of the Treasury?" Unless words have lost their meaning, the Secretary of the Treasury has as great authority to exercise the trust reposed in the President by the 23d section, as the President has to exercise the trust reposed in the secretary by the 16th section. But the only rational conclusion at which we can arrive, is, that each has duties prescribed by law, and each, for the sake of preserving that almost inimitable harmony, planned by the skilful architects that framed our excellent constitution, must move in his own orbit. A little reflection upon the structure of our government, will satisfy any one, it is believed, with the correctness of this position.

By the 2d section of the 2d article of the Constitution, it is declared, that "the President shall be commander in chief of the army and navy of the United States, when called into the actual service of the United States." By the same section, it is declared, that "he (the President) shall have power by and with the advice and consent of the Senate, to make treaties."

For the purpose of carrying into effect these provisions of the Constitution, Congress, on the 27th of July, 1789, passed an act "for establishing an executive department, to be denominated the department of Foreign Affairs" ("Department of State," since substituted for Foreign

until the same shall be fully paid and satisfied, at the rate of twelve per centum per annum,

Affairs), which, among other duties, requires, that the Secretary "shall perform and execute such duties as shall, from time to time, be enjoined on or entrusted to him *by the President of the United States*, agreeable to the Constitution, to or with public ministers or consuls from the United States, or to negotiations with public ministers from foreign states or princes, or to memorials or other applications from foreign public ministers or other foreigners, or to such other matters respecting foreign affairs as *the President of the United States shall assign said department, &c.*"

On the 7th of August, 1789, an act was passed "to establish an *executive department* to be denominated the Department of War;" and on the 30th of April, 1798, an act was passed "to establish an *executive department* to be denominated the department of the Navy."

The provisions of both these acts require the Secretary of each department, like that of the Department of State, *to execute such orders as he shall receive from the President of the United States.*

It is perfectly clear, from the provision contained in the Constitution, and from the aforementioned acts of Congress, that in certain cases, they require the Secretary *not to execute any specific duties prescribed by law*, but to aid and assist the President, as occasion may require, in such transactions, as, by the Constitution, are intrusted to his discretion. That being the case, the Secretary does not act upon his *own* responsibility, but upon the responsibility of the President, for which the President is accountable to his country. The President being commander in chief of the army and navy, is also accountable to his country for their operations, and of course the right to control the Secretary of each department, in such transactions as are intrusted to his discretion.

The principles in our Constitution, in relation to ex-

from the time of such demand, as aforesaid :
Provided, That Congress may, at any time here-

ecutive duties are similar to those contained in the English Constitution, under which the king possesses the prerogative of making treaties. He is also commander in chief of the army and navy, *but not of the treasury*. The king can declare war, but he must depend upon parliament for supplies to carry it on. Were it not for this provision, he could render himself despotic ; and the English nation, whilst they have apparently clothed the king with great power, have wisely reserved to the people the exclusive control of the *most* formidable power—the purse of the nation. The same in the United States : the President, as already shown, is authorized to make treaties ; he is also commander in chief of the army and navy, but has no control over the treasury. The titles of the acts of Congress establishing the departments of state, war, and navy, make them “ executive departments,” whilst the title of the act in relation to the treasury does not make it an “ executive department,” it being entitled “ an act to establish the Treasury Department.”

The duties of the Secretary of State, War, and Navy, are to be performed “ *under the direction of the President of the United States*,” whereas, in the act “ to establish the Treasury Department (see act of September 2d, 1789, ch. 12), no such phrase as “ *under the direction of the President of the United States*,” nor any thing tantamount thereto, either expressed or implied, is to be found in the whole act. The following are the first and second sections of the act referred to.

1. “ *Be it enacted, &c.* That there shall be a Department of Treasury, in which shall be the following officers, namely ; a Secretary of the Treasury, to be deemed head of the department ; a comptroller, an auditor, a treasurer, a register, and an assistant to the Secretary of the

after, enact laws enforcing, regulating the recovery of the amount of the notes, bills, obliga-

Treasury, which assistant shall be appointed by the said secretary.

2. "That it shall be the duty of the Secretary of the Treasury to digest and prepare plans for the improvement and management of the revenue, and for the support of public credit; to prepare and report estimates of the public revenue, and the public expenditures; to *superintend the collection of the revenue; to decide on the form of keeping and stating accounts and making returns, and to grant, under the limitations herein established, or to be hereafter provided, all warrants for moneys to be issued from the treasury, in pursuance of appropriations by law; to execute such services relative to the sale of the lands belonging to the United States, as may be by law required of him; to make report, and give information, to either branch of the legislature, in person or in writing, (as he may be required) respecting all matters referred to him by the Senate or House of Representatives, or which shall appertain to his office; and generally, to perform all such services, relative to the finances, as he shall be directed to perform.*"

Again: the Secretary of the War Department, and the Secretary of the Navy, make their annual Report to the President of the United States: but the Secretary of the Treasury is required by law, to make his annual Report to Congress, as will be perceived by the following act of Congress, entitled "An act supplementary to the act entitled 'An act to establish the Treasury Department,' " passed May 10, 1800, ch. 58.

"*Be it enacted, &c.* That it shall be the duty of the Secretary of the Treasury *to digest, prepare, and lay before Congress, at the commencement of every session of Congress, a report on the subject of finance, containing estimates of the public revenue, and public expenditures, and plans for improving or increasing the re-*

tions or other debts, of which payments shall have been refused as aforesaid, with the rate of in-

venues from time to time, *for the purpose of giving information to Congress adopting modes of raising the money requisite to meet the public expenditures.*"

Pursuing the inquiry still farther, it will be perceived, that the comptroller, auditor, treasurer, and register are subordinate to the Secretary of the Treasury. The Commissioner of the General Land Office, also, as will appear from part of the first section of the act of April 25, 1812, ch. 63, is required to perform his duties, "under the direction of the Secretary of the Treasury."

The act alluded to is in these words :

"Be it enacted, &c. That there shall be established in the Department of the Treasury an office, to be denominated the General Land Office; the chief officer of which shall be called the Commissioner of the General Land Office, whose duty it shall be, under the direction of the head of the department, &c.

From this act it appears, that the Commissioner of the General Land Office, stands in the same relation to the *Secretary of the Treasury*, that the *Secretary of State, War, or of the Navy* does to the President. Congress, in framing particular laws, have, without doubt, taken into consideration the most competent head, to whom their supervision with the greatest advantage to the public, may be intrusted; and in all cases, when any national object is to be carried into effect, and where the act of Congress for that purpose, expressly directs that it be "*under the direction of the President of the United States,*" there can be no doubt but that the executive has the right to give any officer intrusted by law with its execution, such lawful orders and directions, as he may think proper. And it is equally clear, that where such authority is *not* given the President, he has no more right or authority to control an officer of government intrusted

terest above mentioned, vesting jurisdiction for that purpose in any courts, either of law or

with the performance of specific duties prescribed by law, than such officer has to order, control, or direct the President in such duties as are assigned to him by law.

This, however, is a point, not applicable to the question under consideration. In this case, *no specific duties* are assigned to the Secretary of the Treasury—he is clothed with discretionary authority—and it is impossible, from the very nature of the case, and from the act of Congress itself, without first divesting him of this discretionary authority, that it can be lawfully exercised by any one else; and should the people sanction the act of the President, they in effect ratify the usurpation of power, and voluntarily surrender their rights and liberties to the funeral pile. The consequences of one instance of usurpation are not confined to that act alone—it not only paves the way for further usurpation, but affords a *precedent*, which will often carry with it, the force of a settled principle; and there is reason to fear, that if the people suffer an encroachment to be made, first, upon one part of the Constitution, and afterwards upon another, that its vital principles, if not its form, will become totally subverted. Carrying into operation the pretensions of the executive as already avowed, that all civil officers appointed by the government, are to exercise the trust reposed in them, as *he* shall direct—that he has the control of all the government property, whether it be in munitions of war, or bank bills—that he is to be the sole judge of the actions and sentiments of all civil officers, and is to decide whether they be such as will warrant their continuance in, or dismissal from office; carrying these once into effect, and what, let it be asked, is wanting, to constitute the most refined despotism? We may call it *republicanism*—but in reality, it is *republican despotism*. To the *people*, I, as one of their number, submit the question of the late daring usurpation of power, and must abide their decision.

equity, of the courts of the United States, or territories thereof, or of the several States, as they deem expedient.

Penalties for forging, counterfeiting, &c,

SECTION 18. *And be it further enacted, That,* if any person shall falsely make, forge, or counterfeit, or cause or procure to be falsely made, forged, or counterfeited, or willingly aid or assist in falsely making, forging, or counterfeiting, any bill or note in imitation of, or purporting to be, a bill or note issued by order of the president, directors, and company of the said bank, or any order, or check, on the said bank or corporation, or any cashier thereof, or shall falsely alter, or cause or procure to be falsely altered, or willingly aid or assist in falsely altering, any bill or note, issued by order of the president, directors, and company of the said bank, or any order or check on the said bank or corporation, or any cashier thereof; or shall pass, utter, or publish, or attempt to pass, utter, or publish, as true, any false, forged, or counterfeit bill or note, purporting to be a bill or note issued by order of the president, directors, and company of the said bank, or any false, forged, or counterfeit order or check upon the said bank or corporation, or any cashier thereof, knowing the same to be falsely forged, or counterfeited; or shall pass, utter, or publish, or attempt to pass, utter, or publish, as true, any falsely altered bill or note, issued by order of the president, directors, and company of the

said bank, or any falsely uttered order or check on the said bank or corporation, or any cashier thereof, knowing the same to be falsely altered, with intention to defraud the said corporation, or any other body politic, or person; or shall sell, utter, or deliver, or cause to be sold, uttered, or delivered, any forged or counterfeit note, or bill in imitation, or purporting to be, a bill or note issued by order of the president and directors of the said bank, knowing the same to be false, forged, or counterfeited; every such person shall be deemed and adjudged guilty of felony, and being thereof convicted by due course of law, shall be sentenced to be imprisoned, and kept to hard labour for not less than three years, nor more than ten years, or shall be imprisoned for a term not exceeding ten years, and fined not exceeding five thousand dollars: *Provided*, That nothing herein contained shall be construed to deprive the Courts of the individual States of jurisdiction, under the laws of the several States, over any offence declared punishable by this act.

Penalties for engraving, after the similitude, of the plates used for the bank, any plates, &c.

SECTION 19. *And be it further enacted*, That, if any person shall make or engrave, or cause or procure to be made or engraved, or shall have in his custody or possession, any metallic plate, engraved after the similitude of any plate from which any notes or bills, issued by the said corporation, shall have been printed,

with intent to use such plate, or to cause or suffer the same to be used in forging or counterfeiting any of the notes or bills issued by the said corporation ; or shall have in his custody or possession, any blank note or notes, bill or bills ; engraved and printed after the similitude of any notes or bills issued by said corporation, with intent to use such blanks, or cause or suffer the same to be used in forging or counterfeiting any of the notes or bills issued by the said corporation ; or shall have in his custody or possession, any paper adapted to the making of bank notes or bills, and similar to the paper upon which any notes or bills of the said corporation shall have been issued, with the intent to use such paper, or cause or suffer the same to be used in forging or counterfeiting any of the notes or bills issued by the said corporation, every such person, being thereof convicted, by due course of law, shall be sentenced to be imprisoned, and kept to hard labour, for a term not exceeding five years ; or shall be imprisoned for a term not exceeding five years, and fined in a sum not exceeding one thousand dollars.

Bonus to be paid to the United States for this charter.

SECTION 20. *And be it further enacted, That,* in consideration of the exclusive privileges and benefits conferred by this act, upon the said bank, the president, directors, and company thereof, shall pay to the United States out of the corporate funds thereof, the sum of one

million and five hundred thousand dollars, in three equal payments, that is to say, five hundred thousand dollars at the expiration of two years; five hundred thousand dollars at the expiration of three years; and five hundred thousand dollars at the expiration of four years, after the said bank shall be organized, and commence its operations, in the manner herein before provided.

Congress to establish no other banks except in the District of Columbia, &c.

SECTION 21. *And be it further enacted,* That, no other bank shall be established by any future law of the United States, during the continuance of the corporation hereby created, for which the faith of the United States is hereby pledged: *Provided,* Congress may renew existing charters for banks in the District of Columbia, not increasing the capital thereof, and may also establish any other bank or banks in said District, with capitals not exceeding, in the whole, six millions of dollars, if they shall deem it expedient. And notwithstanding the expiration of the term for which the said corporation is created, it shall be lawful to use the corporate name, style, and capacity, for the purpose of suits for the final settlement and liquidation of the affairs and accounts of the corporation, and for the sale and disposition of their estate, real, personal, and mixed; but not for any other purpose, or in any other manner whatsoever, nor for a period exceeding two years after the expiration of the said term of incorporation.

Limitation of time prescribed for this bank's going into operation.

SECTION 22. *And be it further enacted,* That, if the subscriptions and payments to said bank shall not be made and completed so as to enable the same to commence its operations, or if the said bank shall not commence its operations on or before the first Monday in April next, then, and in that case, Congress may, at any time within twelve months thereafter, declare by law, this act null and void.

Committee of either House of Congress may inspect the books, &c. of the bank.

SECTION 23. *And be it further enacted,* That it shall at all times be lawful for a committee of either House of Congress appointed for that purpose, to inspect the books, and to examine into the proceedings of the corporation hereby created, and to report whether the provisions of this charter have been by the same violated or not;* and whenever any committee, as aforesaid,

* Three different committees have been appointed by Congress, since the incorporation of the bank, at three different periods; one 1819, one in 1832, and one in 1834. The proceedings of the first were published, during the year 1819, but they are not considered to be of sufficient interest, to give an abstract of them. A short outline of the proceedings of the committee of '32, is given in page 97, 98. The committee of 1834, was appointed May 22, pursuant to the following resolution, viz.—

shall find and report, or the President of the United States shall have reason to believe, that

Resolved, That for the purpose of ascertaining, as far as practicable, the cause of the commercial embarrassment and distress complained of by numerous citizens of the United States, in sundry memorials, which have been presented to Congress at the present session, and of inquiry whether the charter of the Bank of the United States has been violated; and also what corruptions and abuses have existed in its management; whether it has used its corporate power, or money, to control the press, to interfere in politics, or influence elections; and whether it has had any agency, through its management or money, in producing the existing pressure, a select committee be appointed to inspect the books, and examine into the proceedings of the said bank, who shall report whether the provisions of the charter have been violated or not; and, also, what abuses, corruptions or malpractices, have existed in the management of said bank; and that the said committee be authorized to send for persons and papers, and to summon and examine witnesses on oath, and to examine into the affairs of the said bank and branches; and they are further authorized to visit the principal bank, or any of its branches, for the purpose of inspecting the books, correspondence, accounts, and other papers connected with its management, or business; and that the said committee be required to report the result of such investigation, together with the evidence they may take, at as early a day as practicable."

The committee appointed pursuant to the foregoing resolution, consisted of Messrs. Thomas, Jones, Muhlenberg, Mann, Lytle, Ellsworth, and Everett (Mass.), who proceeded immediately to Philadelphia, to attend to the duties assigned them. In consequence of a disagreement between the directors of the bank, and a majority of the committee, no investigation into the affairs

the charter has been violated, it may be lawful for Congress to direct, or the President to order

of the bank took place. Two reports were made to Congress; one by the majority of the committee, condemning the conduct of the president and directors of the bank, accompanied with a resolution, requiring the president and directors to be brought before the bar of the House of Representatives, "to answer for their contempt of its lawful authority."—The other, by the minority (Messrs. Everett and Ellsworth), who fully justified the course pursued by the bank, and gave as their opinion, that it had been guilty of no contempt. "The report of the minority," was pronounced by a number of our most candid and talented journals, to be one of the ablest productions, ever presented to the House of Representatives. Considering the great length of the two reports, together with the voluminous correspondence between the committee and the officers, and directors of the bank, the limits of this work will admit of only a few of the leading subjects of disagreement.

First, It appears that a majority of the committee made a requisition upon the bank, for certain books and papers, "without the presence of any person not required or invited to attend." The bank declined a compliance with this requisition, unless the books were furnished and examined in the presence of some one belonging to the bank.—A majority of the committee considered this refusal a contempt of the lawful authority of the House of Representatives.

Second, The bank was required to send certain books to the North American Hotel.

The bank answered, "That they cannot comply with that part of the resolution of the Committee of Investigation, which requires that certain books of the bank be sent to the North American Hotel, this day, at eleven o'clock."

A majority of the committee consider this refusal of

a *scire facias* to be sued out of the Circuit Court of the District of Pennsylvania, in the name of

the bank a violation of the charter, and a contempt of the laws and authority of the House of Representatives.

Third, On the 5th of May, a majority of the committee advised the president and cashier that they would on that day, at one o'clock, repair to the bank for the purpose of making a demand of certain books and papers.

The president immediately answered the committee, that the books referred to, were in the hands of a committee of the board, that the committee had adjourned, and could not be re-assembled at the appointed hour on so short a notice, but that they should be assembled without unnecessary delay.

A majority of the committee consider this "a violation of the charter, and a contempt of the authority of the House."

Fourth, On the 7th of May, the committee repaired to the bank, pursuant to an arrangement made by the bank for their reception, and then and there demanded certain books and papers.

The bank replies that the resolution of the House appears to be so general as to warrant "a general and indiscriminate search," and suggest, that "the committee specify the books wanted, and for what purpose, and finally, that the committee have no right to require, and the bank is not bound to exhibit, any papers except such as go to prove a violation of its charter."

A majority of the committee consider this "a violation of the charter, and a contempt of the authority of the House."

Fifth, A majority of the committee furnish the bank a long list of requisitions, demanding copies of certain books, papers, &c.

The bank furnished some, and then informed the committee that it would require two clerks ten months to

the United States (which shall be executed upon the president of the corporation for the

copy all the other papers embraced in their resolution : moreover, that the resolution included some papers over which the bank had no control.

A majority of the committee say, that " these pretences, and this bold disregard of its (the bank's) charter, are, in themselves, derogatory to the dignity, and contemptuous to the authority of the House, *to which in part it owes its being.*"

Sixth, On the 9th of May, a majority of the committee furnished the *Marshal* of the eastern district of Pennsylvania, a subpoena, directing him to summon Nicholas Biddle, and thirteen other persons, directors of the bank, to attend at their committee room, on the next day, at noon, to testify to certain matters and things, and to bring with them " certain books therein named for inspection."

Nicholas Biddle, and the thirteen directors appeared at the time and place mentioned, but respectfully declined bringing the books called for ; one of the reasons offered was, that they had no authority to do so.

A majority of the committee do not say that, in this particular case, the bank have violated their charter.

Having given a brief outline of some of the demands made by a majority of the committee, with their views upon the subject, we now proceed to give a short abstract of the views of the minority.

1st, The minority consider the requisition of the majority as claiming an exclusive control of the books of the bank, highly objectionable, partaking of the nature of a " general search" for facts on which to predicate charges against the bank. They further say that, " It appeared at a very early stage of the proceedings, in a conference between the two committees, that the committee of the directors proposed to exhibit their books in person to the committee of investigation, expressing at the same

time being, at least fifteen days before the commencement of the term of said Court), calling on

time, their expectation and readiness to withdraw from the room, whenever the committee of the House should see fit, in order to furnish the committee of the House the opportunity to deliberate, without the presence of any one not required or invited by themselves, to attend. This proposition was not acceded to by a majority of the committee of the House of Representatives.

Second, Requiring the bank to send their books to the North American Hotel. The minority consider this liable to the same objection as mentioned in relation to the first. "If valid, in reference to the books named in the requisition, it was of course valid as to all the books of the bank and its branches, which, by parity of right, the committee may have required to be brought to their lodgings, (and why not at any place in the union?) and there detained and used at their pleasure. It was to take them away from the place where the important interests of the bank require them to be, and to be used." It would expose them to risks, and it was not to be supposed that books, containing the evidence of pecuniary transactions to the amount of several hundred millions of dollars should be thus exposed.

Third, As to making a personal demand of the books, &c. This proceeding, says the minority, is but a repetition of previous demands.

Fourth, Similar to the above.

Fifth, This the committee consider in the nature of a general search.

Sixth, The minority entertained great doubt of the legality of this process, and give as their opinion, that the bank had committed no contempt of the authority of the House.

The majority of the committee of the House, conclude their report with the following resolution,

Resolved, That the speaker of this House do issue his

the said corporation to show cause wherefore the charter hereby granted shall not be declared

warrant to the sergent-at-arms, to arrest Nicholas Biddle, President, Manuel Eyre, Lawrence Lewis, Ambrose White, Daniel W. Cox, John Holmes, Charles Chauncey, John Goddard, John R. Neff, William Platt, Matthew Newkirk, James C. Fisher, John S. Henry, and John Sergeant, directors of the Bank of the United States, and bring them to the bar of this House, to answer for their contempt of its lawful authority."

A few days after the introduction of the above resolution, another resolution was introduced, fixing the 10th day of July for adjournment. Mr. John Quincy Adams sarcastically suggested, that the House ought to fix upon a more distant day, that they might have time to bring up Nicholas Biddle, and others, and punish them for "a contempt of the House." Had a bomb-shell been thrown upon the floor of Congress, it would not have produced a greater fluttering among some members than did this short expression of Mr. A. The terms, "bank aristocracy," "moneyed monopoly," "Journals under bank influence," "corruption of the bank," "contempt of the House," and every denunciation was fulminated, with all the fury that could be prompted by blind revenge and despair.

The conduct of some members varied in no respect from that of the French Jacobins in the national convention, under Robespierre, only that the latter sometimes had the moral courage, under an able leader, to carry their threats into execution, while the former shrunk from their proposed punishment without making a single effort to carry it into effect.

The compiler will not say, whether, in his opinion, the bank has violated its charter or not. He will not say, whether Nicholas Biddle and others have been or have not been guilty of a contempt of the authority of the House of Representatives—but *he will say, and*

forfeited; and it shall be lawful for the said Court, upon the return of the said *scire facias*,

he feels himself fully warranted in the assertion, that if Nicholas Biddle and others, have been guilty of a contempt of the authority of the House of Representatives, then is a majority of that house contemptible, and deserve to be treated with contempt,—they have betrayed the trust reposed in them—they have degraded themselves and the American people, and basely yielded the rights of the people to a moneyed corporation. Talk of the “bribery of the bank!” If circumstantial evidence be entitled to any weight; the fair presumption is, that those members of Congress, (if any) who are the loudest in the denunciations of the bank, are the ones that have received the *gold of the bank*, and follow the example of the adroit burglar, who, after having committed a felony, will run and hallo—Stop thief! stop thief! The same may apply to those editors of papers and bar-room politicians, whose principal song is—Bank! Bank! Bank! I was a few days since reading a speech of the New-York commercial representative, delivered at Tammany Hall, in which the crimes, the enormities, and the misdeameanours of the bank seemed to be the principal theme of his remarks. The thought struck me, that I should like to ask him the simple question, why he, as a member of Congress, did not urge the punishment of Mr. Biddle and others. As I have not the honour of a personal acquaintance with the honourable member, he will excuse me for asking him the question, through the medium of this work.

It is painful to my feelings, as an American citizen who loves his country, to speak of members of Congress, in any manner other than with respect, or to entertain any feelings towards them other than those of profound regard—the nature and duties of the office are such as ought to secure them that treatment, and those feelings from every one: but if men will not *respect*

to examine into the truth of the alleged violation, and if such violation be made to appear,

themselves, they have no reason to look for *respect from others*.

What should we say or think of a judge on the bench, who after having avowed that the court had been in seven or eight instances, treated with contempt, should make out a commitment to be delivered to an officer, and then, without the least apology or retraction from the person committing the contempt, suppress the commitment, and pocket the contempt besides? Would not every one say, that there was something morally corrupt or wrong in such a judge? Would not every one say, and that very justly, that the people were insulted?—that justice itself was insulted? and that such a judge disgraced the sacred ermine, and owed it to himself and the people whose minister he might be, to resign the situation which he unworthily held? Every *honest* man must answer in the affirmative. Contemptible cowards or unprincipled wretches might say that such persons were unworthy their notice; that is generally the subterfuge of meanness. I once knew a pretendedly great bully that was ever fighting great battles with persons, and with one man in particular not present, till at last his ears were cuffed, and nose wrung by this very man, who was no professed fighter—“ Ah !” said the bully, “ I did not consider him worthy of notice.”

Before bringing this subject to a close, the compiler will relate a conversation that took place between himself and some warm friends of the administration, on the receipt of the resolution under consideration from Washington. The reader will excuse the apparent abruptness of the compiler in the conversation alluded to on being informed that he and the persons alluded to, were great personal friends; and frequently indulged themselves in severe jokes at each others' expense.

Meeting my friends, they accosted me thus, “ Now, what do you think of Biddle.”—“ Think,” said I, “ about

then to pronounce and adjudge that the said charter is forfeited and annulled :* *Provided*,

Biddle, what of him."—"What of him, is not Congress going to bring him up, and punish him for contempt?"—"I am not aware of that fact," said I.—"Just look into the *Globe*, and see the resolution of the Committee of Investigation."—"I have seen it," said I.—"Well, what do you think of it?"—"Think," said I, "I will tell you what I *think*, if you will promise not be offended."—"Well, say on."—"Why, sir, I think it was introduced to make fools of you and others—the majority in Congress never intend to act upon it: the subject will sleep where it is, and what has been done is the last we shall ever hear of it in any thing like a legislative or judicial form. When Nicholas Biddle is brought before Congress for contempt," said I, "you will be speaker of the house and I president of the bank."—"But do you say that Congress will never act upon the subject, and never punish Biddle."—"Never!"—"Then I will never vote another Jackson ticket."—"Don't make too rash and inconsiderate a promise, my dear friend," said I, "for if you intend to adhere to your promise, I assure you that you will be found among the Whigs."—"Then let me be found there."—Speaking with my friend a few days since, he said, "he should stick to his promise."

* President Jackson, in his manifesto to the cabinet, Sept. 18, 1833, speaking of the arrangement made by the bank as to certain three per cent. stocks, says,—
"The agent made an arrangement on terms, in part which were in direct violation of the charter of the bank."

Again: The President, in the same manifesto, speaking of the Exchange Committee discounting notes, says,—
"that the bank has acted "in direct violation of one of the most important provisions of the charter."

And in another part of his manifesto, the President in speaking of the abuses and corruptions of the bank, says,—
"With these facts before him, in an official report from the government directors, the President

however, Every issue of fact which may be joined between the United States and the corporation aforesaid, shall be tried by jury. And it shall be lawful for the court aforesaid to require the production of such of the books of the corporation as it may deem necessary for the ascertainment of the controverted facts; and

would feel that he was not only responsible for all the abuses and corruptions the bank has committed, or may commit, but almost an accomplice in a conspiracy against that government which he has sworn honestly to administer, if he did not take every step within his constitutional and legal power likely to be efficient in putting an end to these enormities."

It seems that in a case where the President has assumed to himself the offices of accuser, judge, and I may add executioner, he is wonderfully punctilious in the performance of what *he* considers to be his duty. Admitting for the sake of argument (and upon no other principle is it admitted), that the President had a lawful right to order the depository of the public moneys to be changed, it must be admitted by every one, that his duty to order a *scire facias* to be sued out, "for a violation of the bank charter," is not less binding, than that of ordering a change in the depository of the public funds. Why then has he not done it? was it, as was alleged by the bank, because "a judicial investigation of his charges is precisely what he dreads?" or was it for some cause not proper to be mentioned?

In the absence of any explanation, we must take the creed of President Jackson; and by that creed it is clear, that President Jackson, in not ordering a *scire facias* to be sued out against the bank "is not only responsible for all the abuses and corruptions the bank has committed, or may commit, but almost an *accomplice in a conspiracy* against that government which he has sworn honestly to administer."

the final judgement of the court aforesaid shall be examinable in the Supreme Court of the United States by writ of error, and may be there reversed or affirmed, according to the usages of law.

Approved, *April*, 10, 1816.

The following are the Yeas and Nays on the passage of the bill.

IN THE HOUSE OF REPRESENTATIVES.

Yeas—Messrs. Adgate, N. Y. ; Alexander, Oh. ; Atherton, N. H. ; Baer, Md. ; Betts, N. Y. ; Boss, R. I. ; Bradbury, Ms. ; Brown, Ms. ; Calhoun, S. C. ; Cannon, Tenn. ; Champion, Con. ; Chappell, S. C. ; Clark, N. C. ; Clark, Ken. ; Clendenin, Oh. ; Comstock, N. J. ; Condict, N. J. ; Conner, Mass. ; Creighton, Ohio ; Crocheron, N. Y. ; Cuthbert, Geo. ; Edwards, N. C. ; Forney, N. C. ; Forsyth, Geo. ; Gholson, Va. ; Griffin, Penn. ; Grosvenor, N. Y. ; Hawes, Va. ; Henderson, Tenn. ; Huger, S. C. ; Hulbert, Mass. ; Hungerford, Va. ; Ingham, Penn. ; Irving, N. Y. ; Jackson, Va. ; Jewett, Vt. ; Kerr, Va. ; King, N. C. ; Love, N. C. ; Lowndes, S. C. ; Lumpkin, Geo. ; Maclay, Penn. ; Mason, R. I. ; M^cCoy, Va. ; M^cKee, Ken. ; Middleton, S. C. ; Moore,* Mosely,

* Thomas Moore was from South Carolina, and Nicholas R. Moore, from Maryland, one of whom only voted on this question ; but which it was it is not easy to discover, as they are not distinguished in the journals by their Christian names.

Conn. ; Murfree, N. C. ; Nelson, Mass. ; Parris, Mass. ; Pickens, N. C. ; Pinkney, Md. ; Piper, Penn. ; Robertson, Louisiana ; Sharpe, Ken. ; Smith, Md. ; Smith, Va. ; Southard, N. J. ; Taul, Ken. ; Taylor, N. Y. ; Taylor, S. C. ; Telfair, Geo. ; Thomas, Tenn. ; Throop, N. Y. ; Townsend, N. Y. ; Tucker, Va. ; Ward, N. J. ; Wendover, N. Y. ; Wheaton, Mass. ; Wilde, Geo. ; Wilkin, N. Y. ; Williams, N. C. ; Willoughby, N. Y. ; Wilson, Thos., Penn. ; Wilson, Wm., Penn. ; Woodward, S. C. ; Wright, Md. ; Yancey, N. C. ; Yates, N. Y.—80.

Those who voted in the negative are,

Nays—Messrs. Baker, of New-Jersey ; Barbour, Va. ; Bassett, Va. ; Bennett, N. J. ; Birdsall, N. Y. ; Blount, Tenn. ; Brackenridge, Va. ; Burnside, Pa. ; Burwell, Va. ; Cady, N. Y. ; Caldwell, Ohio ; Celly, N. H. ; Clayton, Del. ; Clopton, Va. ; Cooper, Del. ; Crawford, Penn. ; Culpeper, N. C. ; Darlington, Penn. ; Davenport, Con. ; Desha, Ken. ; Gaston, N. C. ; Gold, N. Y. ; Goldsborough, Md. ; Goodwin, Va. ; Hahn, Penn. ; Hale, N. H. ; Hall, Geo. ; Hanson, Md. ; Hardin, Ken. ; Herbert, Md. ; Hopkinson, Penn. ; Johnson, Va. ; Kent, N. Y. ; Langdon, Vermont ; Law, Con. ; Lewis, Va. ; Lovett, New-York ; Lyle, Penn. ; Lyon Vermont ; Marsh, Vt. ; Mayrant, S. C. ; M'Lean, Ken. ; M'Lean, Ohio ; Milnor, Penn. ; Newton, Va. ; Noyes, Vermont ; Ormsby, Ken. ; Pickering Mass. ; Pitkin, Con. ; Randolph, Va. ; Reed, Mass. ; Root, N. Y. ; Ross, Penn. ; Ruggles, Mass. ; Savage, N. Y. ; Sergeant, Penn. ;

Sheffy, Va.; Smith, Penn.; Stanford, N. C.; Stearns, Mass.; Strong, Mass.; Sturges, Con.; Taggart, Mass.; Tallmadge, Con.; Vose, N. H.; Wallace, Penn.; Ward, Mass.; Ward, N. Y.; Webster, N. H.; Whiteside, Penn.; Wilcox, N. H.—71.

So the bill was passed and sent to the Senate for concurrence.

By an analytical arrangement of the vote, the sense of the different States upon the passage of the Bank Charter appears to have been expressed as follows :

	For its passage,	Against it.
New-Hampshire,	1 vote.	5 votes.
Massachusetts,	7	7
Rhode Island,	2	0
Connecticut,	2	5
Vermont,	1	4
New-York,	12	8
New-Jersey,	4	2
Pennsylvania,	6	12
Delaware,	0	2
Maryland,	4	3
Virginia,	8	11
North Carolina,	9	3
South Carolina,	7	1
Georgia,	5	1
Kentucky,	4	4
Tennessee,	3	1
Ohio,	3	2
Louisiana,	1	0
	—	—
	80	71

SENATE.

Yeas—Messrs. Barbour, Barry, Brown, Campbell, Chase, Condict, Dagget, Fromentin, Harper, Horsey, Howell, Hunter, Lacock, Mason, Va., Morrow, Roberts, Talbot, Tait, Taylor, Turner, Varnum, Williams.—22.

Nays.—Messrs. Dana, Gaillard, Goldsborough, Gore, King, Macon, Mason, N. H., Ruggles, Sanford, Tichenor, Wells, Wilson—12,

(Messrs. Bibb and Thompson, the only absentees, are understood to have been detained from the Senate by ill health.)

AN ACT

To enforce those provisions of the Act entitled, "An act to incorporate the Subscribers to the Bank of the United States," which relate to the right of voting for directors, and for other purposes.

SECTION 1. *Be it enacted, &c.* That, in all elections of directors of the Bank of the United States, hereafter to be held under, and by virtue of the "Act to incorporate the subscribers to the Bank of the United States," whenever any person shall offer to the judges of such election more than thirty votes, in the whole, including those offered in his own right, and those offered by him as attorney, proxy, or agent for any others, the said judges of the elections, or any one of them, are hereby authorized and required to administer to the said person, so offering to vote, the following oath or affirmation, viz. :—

I, _____ do solemnly swear, (or affirm, as the case may be,) that I have no interest, directly or indirectly, in the shares upon which I shall vote at this election, as attorney for others; that those shares are, to the best of my knowledge and belief, truly, and in good faith, owned by the persons in whose names they now

stand ; and that, in voting at this election, I shall not in any manner violate the first fundamental article of the " Act to incorporate the subscribers to the Bank of the United States," and the said judges of elections, or any one of them, shall be authorized and empowered, in their discretion, or at the instance of any stockholder of the bank, to administer the said oath or affirmation to any person offering to vote at any such election.

SECTION 2. That no person shall be entitled to vote at any such election, as attorney, proxy, or agent, for any other person, co-partnership, or body politic, without a power, for that purpose, being duly executed, in the presence of a witness, and filed in the bank, and on which power shall be endorsed the oath or affirmation of the person, or one of the co-partners, or of the head, or some of the officers, of the body politic granting such power, in the words following :—

I, _____ do solemnly swear, (or affirm, as the case may be,) that I am, (or that the co-partnership consisting of myself and _____, are, or that the corporation known by the name of _____, or as the case may be,) truly and in good faith, the owner, (or the owners as the case may be,) of the shares in the capital stock of the Bank of the United States, specified in the within power of attorney, and of no other shares ; that no other person has any interest in the said shares, directly or indirectly, except as stated in the said power, and that no other power has been given to any person, which is now in force, to vote for me, (or for the co-partnership aforesaid, or

for the body politic aforesaid, as the case may be,) *at any election of directors of the said bank*; which oath or affirmation may be taken before a notary public, judge, or justice, of the peace, and shall be certified by him.

SECTION 3. That, if the judges of any election of directors, to be held as aforesaid, shall permit any person to give more than thirty votes, in the whole, at any such election, without the said person's having taken the aforesaid oath or affirmation, or shall suffer any person whatever to vote as attorney, agent, or proxy, for any other person, or for any co-partnership, or body politic, without a power for that purpose, as prescribed in the foregoing section, with the oath or affirmation and certificate aforesaid; such of the said judges as shall consent thereto, shall severally be deemed guilty of a misdemeanour, and, on due conviction thereof, shall be subject to a fine not exceeding two thousand dollars, or to imprisonment not exceeding one year, at the discretion of the court before which such conviction shall be had. And if any person shall wilfully and absolutely swear or affirm falsely, in taking any oath or affirmation prescribed by this act, such person so offending, shall, upon due conviction thereof, be subject to the pains and penalties which are by law prescribed for the punishment of wilful and corrupt perjury.

SECTION 4. That, if any person shall directly or indirectly, give any sum or sums of money, or any other bribe, present, or reward, or any promise, contract, obligation or security, for the

payment or delivery of any money, present, or reward, or any thing to obtain or procure the opinion, vote, or interest of the president of the Bank of the United States, or either of the directors thereof, or the president or a director of either of the branches of the said bank in any election, question, matter, or thing, which shall come before the said president and directors for decision, in relation to the interest and management of the business of the said bank, and shall be thereof convicted; such person or persons, so giving, promising, contracting, or securing to be given, paid, or delivered, any sum or sums of money, present, reward, or other bribe as aforesaid, and the president or director who shall, in any wise, accept or receive the same, on conviction thereof, shall be fined and imprisoned at the discretion of the court, and shall for ever be disqualified to hold any office of trust or profit under the said corporation, and shall also, for ever be disqualified to hold any office of honour, trust, or profit, under the United States.

Approved, 3d March, 1819.

In the preceding pages, the compiler has attempted to give a brief but comprehensive view of the national banking operations, from the incorporation of the Bank of North America, 1781, to the present time. As the present Bank of the United States particularly engages the attention of the community, giving rise to a great diversity of sentiment, the compiler has inserted its charter in full, with a faithful and impartial account of such official and legislative proceedings in relation to the same, as he thinks will give the *attentive* reader a just idea of the whole subject: and he would stop here, were it not for the unwearied pains taken, to create an erroneous impression concerning this institution. In the absence of tangible facts or charges—such as by a plain statement of facts, or by a fair course of reasoning could be either substantiated or refuted, the services of artful and ingenious writers are brought into requisition, whose sole object seems to be, to operate, by means of vague and denunciatory charges, upon the feelings of that class who are guided by no fixed or rational principles in arriving at just conclusions, but are influenced wholly by their passions. It is well known that thousands of indefinite charges can be made—such as “aristocratic, corrupt, or dangerous institution”—the charges themselves, having no precise or definite meaning, will admit of no definite reply or refutation. They are similar to the terms “rascal,” “villain,” “scoundrel,” and such general terms of scurrility applied to individuals, which, Mr. Justice Blackstone in his Treatise

upon Slander, says, "may be used with impunity, and are part of the rights of the vulgar."

The compiler is led to the foregoing remarks from the fact, that a gentleman of high standing—an opponent of the bank—intimated to the compiler, that he might publish every thing in *favour* of the bank, and nothing *against* it. That intimation led to the following correspondence :

" September 13, 1834.

" SIR,

" In consequence of the intimation made by you, that in my forthcoming work, I might publish every thing in *favour* of the United States Bank, and nothing *against* it—it is due to myself to repel any such insinuation, and to say to you, that I will publish any well attested fact, tending to show any thing improper on the part of the bank, that you, or any other person, may be pleased to furnish me with. I say, further, that I will publish *any charge*, that *you may make*, under the responsibility of your own name.

" Respectfully,

" R. K. MOULTON."

(REPLY.)

" Monday morning, September 15, 1834.

" SIR,

" Your favour of Saturday was handed me at too late an hour for a reply on that day—I have neither the time nor inclination to hunt up charges against the Bank of the United States.

'The subject is before the people, they understand it—and it is presumed that you, as a faithful, and I have no doubt, competent historian, will be able to find instances enough of the iniquities of that corrupt institution, if you search for them.

“ I am, &c. _____.”

(ANSWER TO THE FOREGOING.)

“ September 17, 1834.

“ SIR,

“ I believe that I am in possession of every document in relation to the United States Bank, and assure you that I shall give a faithful abstract of every thing ever urged by the administration or its supporters against that institution. If no other facts are furnished me, I must, as an honest man, and as one of the grand inquest of the nation, decide in favour of the bank. The bank may be guilty of “iniquities” that all the “people” are not apprized of, and as I cannot, in my usual intercourse, obtain any well authenticated facts, except such as are already before the public, and that I may be fairly entitled to the appellation of a “faithful” (I will not say “competent”) historian, I shall advertise for new information.

“ Respectfully,

“ R. K. MOULTON.”

Pursuant to the promise, contained in the foregoing, I caused the following advertisement

to be inserted in the Commercial Advertiser, and the New-York Evening Post, of the 30th September, 1834.

“To the Republicans of the City and State of New-York.

“The undersigned is compiling a *true* history of that aristocratic institution, the United States Bank, which will be issued from the press in a few days. The undersigned wishes to collect all the information he can, showing its iniquity, and will consider it a great favour in any one to furnish him such well attested facts as are proper to lay (to be laid) before the public. Neither the money of the bank, nor the frowns of aristocrats, shall deter the subscriber from publishing the truth.

“R. K. MOULTON,

“42 Dey-street.”

On the appearance of the foregoing, the compiler was highly caressed by a number of the opponents of the bank, for the bold and manly stand taken by him against “the monster,” as the bank was termed by some; but no one has been so good as to furnish him a single charge against its *integrity*, nor to furnish him with one “well attested fact” of its “*iniquity*.” Under these circumstances, the compiler can do no more than to notice such common-place charges as have come under his notice, of which the following are the principal.

First, It was generally admitted until recently,

that a bank ought to be established with a charter something like the present "*with modifications.*" (See page 183-4.)

Second, The branches of the bank do not pay the specie for each others' notes; neither will they receive them in payment of notes made payable at a particular branch, nor will such branch receive the notes of other branches in payment of debts due to it: that is to say, the branch bank of New-York will not pay specie, nor otherwise redeem the bills issued and made payable at the branch in New-Orleans, nor will it receive such bills in payment of any debt due the branch bank in New-York. (See page 184.)

Third, The bank is a corrupt, dangerous, and aristocratic institution. (See page 184-5-6.)

Fourth, The bank might do great mischief, and overturn the government. (See p. 186-7.)

Fifth, The bank controls the government and people; it now governs the people, and if it should be re-chartered, its charter would then become perpetual; there would then be two classes, the rich and the poor; the poor people would lose their right of voting, and the rich would govern the country. (See page 187-8-9-190.)

Sixth, The bank is not sufficiently under the control of *the people*. (See page 190.)

Seventh, The bank is unconstitutional. (See page 191-2-3-4.)

Eighth, The bank is not necessary as the state banks might perform for the government all the duties now performed by that institution. (See page 194-5.)

Ninth, The bank caused the late pressure in the money market. (See page 195 to 202.)

Tenth, The United States Bank oppresses the state banks. (See page 202-3-4.)

Eleventh, The bank is a political institution. (See page 204.)

Twelfth, The bank uses its money to buy up votes, and control elections. (See page 205-6.)

Thirteenth, The *people* are in favour of the measures pursued by the executive, in relation to the removal of the deposits. (See page 206 to 210.)

Fourteenth, The bank loaned James Watson Webb \$52,000. (See page 211.)

Fifteenth, The stockholders of the bank recently passed a vote of thanks to Nicholas Biddle, their president, for the able and faithful manner in which he had discharged the trust reposed in him. (See page 215-16.)

In concluding this work, it will be more convenient for the compiler, in some cases, to use the first person *I* than the usual term compiler.

These objections will be briefly noticed in their regular order.

First, Modifications of the present charter, &c.

This appears to be more easily said than pointed out. About three years since, as a matter of curiosity, I asked twenty of the most intelligent supporters of the present administration, whether they were in favour of "re-chartering the bank." Eighteen answered, "Yes, with modifications." On asking them what modifications they thought were necessary, fif-

teen could not suggest a single one. The three others mentioned what they thought ought take place.—One in particular observed, with considerable confidence, that the directors ought to be chosen by the people. Thinks I, that might be a good project enough, if the stockholders—they who own the bank, would consent to it. Upon a little reflection, I thought it extremely doubtful whether men wishing to vest their funds in stock, would place it in an institution, in which persons having no interest should possess an equal voice and control. For a list of modifications suggested by different members of Congress in 1832, see page 98 to 104.

Second, An account of the operations of the bank that would meet these charges, is given page^s 58 to 61.

Third, The bank is a corrupt, dangerous, and aristocratic institution.

The adjectives “corrupt,” “dangerous,” and “aristocratic,” appear, in this case, to have an indefinite meaning, and therefore will admit of no definite reply. Could it be clearly shown, that the bank oppressively exercises its corporate powers for any purposes, other than the legitimate one contemplated in its charter, such for instance as taking advantage of the necessities, and charging them fifteen or twenty per cent. on discounts, or making loans on real property for a short time, with a verbal promise of a renewal at the time that it should become due, and afterwards force a sale of the property, and buy it in themselves on speculation, then

might the charge be sustained ; but so long as the bank manages its concerns according to the provisions of its charter, it is difficult to determine, how the charge of "corrupt institution," can be substantiated. We might say of an individual, that he is "corrupt," but so long as that individual violates no law, and uses no deception with his fellow man, no one would be justifiable in making such a charge.

There appears to be the same difficulty in the term "*dangerous*," as in the word "*corrupt*." One's imagination might lead him to suppose a public hotel, a boarding-house, or a seminary of learning to be a "dangerous institution." And indeed he might *justly*, could he reasonably show, from the manner in which either was established, that there was strong probability, that some serious evil would flow from it, or that some heinous offence had already arisen out of it, and would probably be repeated ; but, in the absence of all such contingencies, no one would be warranted in exciting the fears of the community, as to what *might* happen.

Equally, if not more difficult, it is to define the term "aristocratic institution." "Aristocratical," according to Walker, means "relating to aristocracy," and "aristocracy," means, "that form of government which places the supreme power in the hands of nobles ;" and nobles or nobility are generally understood to be that class who, from the constitution or laws of a country, possess peculiar and inherent rights. This definition cannot be made applicable to the bank. We are, however, free to

admit, that the term "aristocratic," has a kind of popular definition, which it is difficult to explain: say that class, who, by their great wealth, acquire a kind of factitious consequence in society that they otherwise would not possess. Assuming this definition, we are led into a difficulty, in determining who partakes of the aristocracy—whether it be the *directors* of the bank, or the *stockholders*;—if the *former*, they must be a singular species of aristocracy, inasmuch as they are chosen by the people, whose interest they represent; they must therefore, from the very manner in which they are constituted, be *democratic aristocrats*. If the *stockholders* partake of the "aristocracy," then does this country present the singular spectacle of aristocratic widows, aristocratic orphans, and aristocratic day labourers.

Fourth, The bank might do great mischief, and overturn the government.

There is no telling what *might be done*. A druggist, with arsenic in his shop, might poison himself. A man, entrusted with a razor, might cut his own throat, and if a person were to light up a lamp, he *might* set his house on fire; then all the firemen in the city *might* refuse to do their duty, and then the whole city *might* be laid in ashes. Seriously, such an objection as this, deserves to be noticed only with ridicule, or with contempt. All the *mights* mentioned, are within the range of *possibilities*, but will any one pretend to say, that they are within the range of the most distant *probabilities*? There is about as much reason in saying, that

the Bank of the United States *might* subvert the government, as there is in saying that the city of New-York might be destroyed by fire in consequence of the negligence of the firemen.

Fifth, The bank controls the government and the people, it now governs the people, and if it should be rechartered, its charter would then become perpetual, there would then be two classes—the *rich* and the *poor*, the *poor* people would have to work for just what the rich might please to give them, they would lose the right of voting, and the *rich* would govern the country.

What American citizen, on even reflecting that it is necessary to notice such a farrago of nonsense, as that contained in the foregoing sentence, “does not blush, and hang his head, to think himself,” (not a “man,” as the poet says,) but an American citizen. Yet such is the case. I have heard one of the Tammany Hall orators, in haranguing the multitude, make use of the above language. A person that would consider any one who should even think him to be any thing but a gentleman, a patriot, and a scholar, as doing him great injustice. When the orator delivered this sentence, old Tammany resounded with the hurras of the auditors. We boast of our intelligence, our refinement, and our patriotism. We even go so far as to say, that none of the nations of the old world, begin to compare with us in these qualities. Would not the above be a fine specimen to send across the Atlantic? But to the argument. With the present views of a majority of the

American people, that President Jackson is the "government," there can be no doubt, but that "the bank is greater than the government and the people," and in no transaction, since his induction into office, has he had so great a cause of complaint, on account of resistance "to the government," as in his controversy with the Bank of the United States,—for, whilst a trembling cabinet, and a servile House of Representatives, have bowed submissively to his unlawful mandate, that institution, *knowing its own rights, has had the moral courage to defend them.*

It is said that the bank governs the people—so does the New-York canal *govern*, not only the people of the state of New-York, but of the adjoining states. The Brooklyn ferry governs the citizens of New-York and Long Island. The Fulton market, bakeries, grocery stores, umbrella, and hundreds of other manufactories, govern the people of the city of New-York. Thousands of things, which from habit and interest, have become indispensable, govern us; and it would be impossible for any government of the *people* to break *these governments down*. Why then should not the United States Bank come in as a like governor? The government of the United States, under a partial insanity, similar to that which now pervades the people of this country, tried the experiment of dispensing with a bank government, and were very glad again to receive its assistance.

As to a perpetuity of its charter—I do not think that the charter of the present, or any

other bank, will become perpetual. The people of this country, I should judge from present appearances of things, are doomed to periods of popular delusion. Led on by artful and unprincipled leaders, whose only end and aim are that of self-aggrandisement, they will be making experiments, until experience shall have taught them their folly. A propensity for the marvellous, and for experiment, seem to be an inherent principle, particularly among the ignorant and inexperienced. I distinctly recollect, that when a boy, one of my playmates told me that he had been informed, that the skin of his tongue would be taken off, by touching it with a frosty piece of iron—I told him that it would—he would not believe me—in spite of my remonstrances, he would “try the experiment,” then, and not till then, was he satisfied; so will the people of the United States be satisfied, from actual experiment, whether a national bank is necessary, if they suffer the present institution to go down, and do not establish another. The charter of the Brooklyn ferry is not perpetual, but who believes that when the term of the present company shall have expired, that another grant will not be made, either to the present, or to some other company?

As to the slang about two classes, the *rich* and the *poor*, the poor being deprived of voting and the like, it is not worthy of notice—that there ever *has been*, and ever *will be*, in this as well as in all other countries, some that will possess a greater share of wealth than others,

is known to all ; but to say that the United States Bank is calculated to elevate one class, and depress another, or that it can, in any event, be the means of depriving the poor of the right of suffrage, is too preposterous an assertion to merit a passing notice. Two classes however will make the assertion—one, the knaves, who do not believe what they themselves say—the other, that class that are so degraded, that to them neither reason nor fair argument would avail any thing.

Sixth, The bank is not sufficiently under the control of the people.

This may be a doctrine congenial to the views of those who wish to either actually possess themselves of the avails of the honest industry of others, or to bend them to their own selfish purposes. It is admitted, that it would be quite convenient for political aspirants, and would tend to subserve their interests, to have such a control over the United States Bank, as would compel its directors, in making loans, or transacting any other business of the bank, to look well to their political consequences,—they would then, in the view of some, be “sufficiently under the control of *the people*.” No honest man, however, that faithfully attends to his own business, will pretend, that the United States Bank ever did, or ever can, from the manner in which it is constituted, invade *his* rights. He is satisfied that the law sufficiently protects him, and is willing that others should be equally protected.

Seventh, The bank is unconstitutional.

That is the doctrine of President Jackson. In his veto message of July 10th, 1832, he says, "It is maintained by the advocates of the bank, that its constitutionality in all its features ought to be considered as settled by precedent, and by the decision of the Supreme Court. To this conclusion, *I cannot assent*. If the opinion of the Supreme Court covered the whole ground of this act, *it ought not to control the co-ordinate authorities of this government*. The Congress, the Executive, and the Court, must each for itself be guided *by its own opinion of the constitution*. Each public officer, who takes an oath to support the constitution, swears that he will support it as *he* understands it, and not as it is understood by *others*."

Now hear what Mr. Madison, one of the ablest framers and expounders of the constitution, says in relation to the binding force of a decision of the Supreme Court—"The case in question, (says Mr. M.) has its true analogy in the obligation arising from judicial expositions of the law on succeeding judges; the constitution being a law to the legislator, as the law is of decision to the judge.

"And why are *judicial* precedents, when formed on due discussion and consideration, and deliberately sanctioned by reviews and repetitions, regarded as of binding influence, or rather of authoritative force, in settling the meaning of a law? It must be answered, First, Because it is a reasonable and established axiom, that the good of society requires that

the rules of conduct of its members should be certain and known ; which would not be the case if any judge, disregarding the decisions of his predecessors, should vary the rule of law according to *his* individual interpretation of it. *Misera est seroitus ubi jus est aut vagum aut incognitum.*

“Second, Because an exposition of the law, publicly made, and repeatedly confirmed by the constituted authority, carries with it, by fair inference, the sanction of those who, having made the law their legislative organ, appear, under such circumstances, to have determined its meaning through their judiciary organs.

“Can it be of less consequence that the meaning of a *constitution* should be fixed and known, than that the meaning of a *law* should be so ? On the contrary, if a particular legislature, differing in the construction of the constitution, from a series of preceding constructions, proceed to act on that difference, they not only introduce uncertainty and instability in the *constitution*, but in the *laws themselves* ; inasmuch as all laws preceding the *new construction*, and inconsistent with it, are not only annulled for the future, but virtually pronounced nullities from the beginning.

“But it is said that the *legislator* having sworn to support the constitution, must support it in his own construction of it, however different from that put on it by his predecessors, or whatever may be the consequences of the construction. And is not the *Judge* under the same

oath to support the law? Yet, has it ever been supposed that he was required, or at liberty to disregard all precedents, however solemnly repeated and regularly observed; and by giving effect to his own abstract and individual opinions, to disturb the established course of practice in the business of the community? Has the wisest and most conscientious judge ever scrupled to acquiesce in decisions in which he has been overruled by the matured opinions of the majority of his colleagues; and subsequently to conform himself thereto as to authoritative expositions of the law?"

Mr. Madison then goes on to state that he opposed the creation of a bank in 1791, being as he thought not warranted by the constitution,—that it being an original question, it was proper for him, as a legislator, to give his views freely as to its constitutionality; but the measure having been sanctioned by the highest authority it was his duty, as a good citizen, to cheerfully submit to the majority—that the constitutional question being settled, the only proper question for discussion was its expediency. He therefore says, that "A veto from the Executive, under these circumstances, with an admission of the expediency and almost necessity of the measure, would have been *a defiance of all the obligations derived from a course of precedents*, amounting to the requisite evidence of the national judgment and intention."

Speaking of the bank of 1791, he says in reference to the question of its re-charter in 1811, that—"On a single question of *constitu-*

tionality, there was a decided majority in favour of it.”

Eighth, The United States Bank is not necessary; as the State Banks might perform for the government, all the duties now performed by that institution.

It requires but a slight knowledge of the nature and operations of the general government, to show that they who are under such a belief, are egregiously mistaken.

It is admitted that banks are necessary as a depository of the public funds; the general government then, so far as its fiscal operations are concerned, must necessarily have the control of these institutions. State banks, as is well known, do not derive their existence from the general government, and in their operations, are entirely independent of it; they therefore have the right of receiving or not receiving the public deposits, as may best suit their interests or inclination. The general government, it is admitted, might pass a law, authorizing the public deposits to be made in the state banks; but it would be left for those institutions to determine, whether they would receive them or not,—they would be under no obligation to comply with the provisions contained in such a law—some might accede to the terms, and some might not—and under any circumstances, there would not, and could not be such a security to the general government, in relation to its fiscal concerns, as is necessary for its successful operations. The embarrassments ex-

perienced and losses sustained by the general government, during the five or six years that it was without the aid of a National Bank, ought to admonish that body not to expose the country to a repetition of like disasters.

Ninth, The bank caused the late pressure in the money market. This is a definite charge, and although asserted with apparent confidence, through the newspaper press, and by men in high political stations, still a plain statement of facts will conclusively show any one that the charge is wholly unfounded.

It is alleged, that in order to produce a pressure, the bank curtailed its discounts. Now it is known to any one, conversant with banking operations, that the amount of its discounts depend upon various contingencies, particularly upon its means—and that its *deposits* constitute a *part of its means*. By way of illustration—suppose the *capital* of a bank to be \$1000, and its steady deposits \$300, if the three hundred dollars be withdrawn by the depositors, and that amount be not replaced from some other quarter, any prudent institution, supposing no change in the times, would curtail its discounts to the amount of three hundred dollars. At the time the depository of the public funds was changed from the United States Bank to the State Banks, the public deposits in the United States Bank amounted to \$9,868,435 58.

This amount, it is admitted, could not be lawfully drawn from the bank, for any purpose, other than in payment of public claimants, but

“the government” it appears, took “the responsibility” of withdrawing more than a million and a half of dollars, to be placed in the State Banks. Under such a state of things, the bank, seeing that the faith of the nation was violated, that its laws and solemn obligations were left to the caprice of one man, who did not hesitate to disregard them or trample them under foot; under such circumstances, it is repeated, the United States Bank could consider the public deposits as only so much dead capital, liable to be called for at any moment, and which they could not with safety loan out.

Admitting that the amount of discounts by a bank must necessarily be regulated by its means, and that the means of the United States Bank, after the 1st of October, 1833, were diminished in a sum equal to the then amount of government deposits; the following table will show that that institution, during the severe pressure, say from October 1st, 1833, to May 1st, 1834, actually increased its discounts.

	Discounts.		Public Deposits.		Deposits of individuals.	
	Dollars.	cts.	Dollars.	cts.	Dollars.	cts.
1833						
Oct. 1st,	60,094,202	93	9,868,435	58	8,008,862	78
Nov. 1st,	57,201,604	38	8,232,311	18	7,285,041	88
Dec. 1st,	54,453,104	67	5,162,260	63	6,827,173	10
1834.						
Jany. 1st,	54,911,461	70	4,230,509	63	6,734,866	06
Feby. 1st,	54,842,973	64	3,066,561	72	6,715,312	60
March 1st,	56,167,829	86	2,604,233	62	7,343,129	92
April 1st,	54,806,817	62	2,932,866	74	7,166,028	21
May 1st,	53,756,485	18	3,251,345	64	7,022,820	10

And the following table will exhibit the monthly decrease of the bank to discount—the *actual decrease of discounts*, and the monthly difference in favour of or against the public by the bank, taking into view the means of the bank.

	Decrease of means from 1st of October.		Actual decrease of discounts from Oct. 1st.		In favour of the public.		Against the public.
	Dollars.	cts.	Dollars.	cts.	Dollars.	cts.	
1833. Nov. 1st,	10,592,286	48	2,892,598	55	7,699,687	93	
Dec. 1st,	11,050,155	26	5,641,098	26	5,409,057	00	
1834. Jan. 1st,	11,132,462	30	5,162,741	23	5,969,721	07	
Feb. 1st,	11,151,325	80	5,231,229	29	5,920,096	51	
Mar. 1st,	10,523,508	48	3,906,373	00	6,617,135	41	
April 1st,	10,700,610	19	5,267,385	31	5,433,224	78	
May 1st,	10,833,818	30	6,317,717	75	4,516,100	55	

In framing the foregoing table, reference has been had to the "deposits of individuals."—If, during any month, the individual deposits *had been increased*, the amount of the increase was *added* to the means—if diminished, the amount of diminution was *deducted* from the means. The average monthly amount of increase of loans by the bank, after deducting the diminution of its means, was \$5,937,860 47. If, for instance, the people were to render an account current of oppressions against the bank, it would be fair, upon every principle, to allow that institution to curtail its discounts equal to the amount of public deposits; for we learn from Governor Marcy's Message of March 23, 1834, to the legislature of the state of New-York, that such state banks in the city of New-York alone as received the public deposits had "actually discounted more than four millions more than they otherwise would have done."

The bank was admonished to curtail its discounts, not only from a *removal of the public deposits by government*, but, from the government's hostile attitude. The newspaper press and public officers generally under the influence of the general and some of the state governments, were continually teeming with denunciations against the bank,—one press went so far, as to recommend Congress to sequester the whole of its funds and other effects. The bank moreover had reason to fear that a "run for specie" would be made upon such of its branches, as required, in its operations, but a small proportion of coin, and where but little was depo-

sited in their vaults. A run was actually made upon the branch at Savannah, which it was generally believed, was aided and abetted by some officers of government.* Yet, notwithstanding all these untoward events, the bank weathered the storm ; it continued to extend its indulgence to the state banks, and although at the imminent hazard of being severely embarrassed, it afforded nearly its usual facilities to the people.

* For the following anecdote in relation to the "run" upon the Savannah branch, I am indebted to a gentleman who professed to know the whole circumstance.

"Soon after the removal of the deposits, the parent bank became fearful that a run might be made upon some of its branches, that had but little specie. They accordingly instructed the branches in the large commercial cities, to receive in deposit the notes of all the branches, and to report daily to the parent bank, the amount received, payable at each branch.—The branches of New-York, Boston, and other places did so. The parent bank perceived, that for three or four days, the New-York branch had taken no notes on the Savannah branch,—this excited suspicion, and the parent bank despatched a large quantity of specie to Savannah.—It so happened, that a day or two after the arrival of the specie at that place the branch was called upon to redeem in specie, \$300,000, when lo! it was ready for them. The holders of the bills did not know what to do—they did not want the specie, the object of their journey from New-York proved abortive—they had been at considerable expense in their journey from New-York, and must necessarily be at considerable loss in taking home their \$300,000 in specie. The projectors of the plan in New-York were mortified and ashamed, and in the last agonies of disappointment and chagrin, were left to cry out, "Monster! Monster!"

If then, as the question may be asked, the United States Bank and the state banks afforded their usual facilities, why did so great pecuniary embarrassments pervade the whole country? The question shall be answered according to my view of the subject. It is well known, that what is generally termed a plenty or scarcity of money, does not depend entirely upon the *amount of money in a country*, but upon *its circulation*. Millions might be locked up, and not do so much service as a twenty dollar bill. The *circulation* of money is owing in a great measure to confidence between man and man,—by way of illustration, suppose a neighbourhood of twenty persons, and mutual confidence, as to ability and integrity, pervading the whole—A., having a five dollar bill, parts with it to B. ; B. parts with it to C., and so on through the whole twenty—that five dollar bill, so far as exchange is concerned, might, in one day, perform the office of a hundred dollar bill, passing only from one man to another.—Now let us reverse the scene ; suppose the same *mutual confidence* to pervade this community as ever—but owing to extraneous causes, over which they could have no control, *mutual fears are entertained of each others' ability* ; does not every one perceive that Mr. A. will either lock up his five dollar bill, or exact unusual security ? and does not every one perceive, that in *consequence of Mr. A.'s locking up his five dollar bill*, a shock is given to the whole community of twenty ? The foregoing, as is believed, is a fair picture of the causes that produced the late six months'

most severe embarrassment that for years has been felt in this country.—In consequence of the war made upon the United States Bank, distrust and fear seized the whole community, its consequences are too familiar to all—and disguise the fact as we may, when we look for the cause that produced bankruptcy in some of our best established mercantile houses—that compelled manufactories to close their works—threw hundreds of honest and industrious labourers out of employ, bringing poverty upon themselves and families—that drove from employ hundreds of widows, that had no means of support for themselves and their children, except what they earned with their needle. Disguise the fact, it is repeated, as we will, the whole of this distress is principally ascribable to the rash and unlawful measure of President Jackson, in causing the public deposits to be removed from the United States Bank.

Tenth, The United States Bank oppresses the State Banks.

This again is a *definite* charge, to which a definite reply can be given.—It is destitute of truth : the balance due the United States Bank from state banks for years, as appears from official documents, has amounted to from *two* to *three* millions of dollars.—No state bank, it is believed, has ever made any such complaint, and it is a notorious fact, that the most amicable relations have for years existed between the United States Bank, and the state banks, and that many have petitioned Congress for a resto-

ration of the public deposits, and for its re-charter. Had this charge been no more than the ordinary story of those newspapers, who only aim at deception, it would have been entitled to the same consideration as other charges of like character; but, the Executive of the State of New-York, Governor Marcy, in his Message of March 23, 1834, to the Legislature, recommending the state to pledge its faith for \$6,000,000 (a measure which the knowing ones say was intended to mortgage the state for the benefit of the "Albany Regency"), expressly says:—

“It is undoubtedly true that much of the pressure upon the money market has been occasioned by the destruction of confidence; but it is not easy to perceive, that it is to be charged as the necessary consequence of the action of the government. It is the *consequence of the attitude assumed by the Bank of the United States towards other banks.*”

Again, the Governor says, “the efforts of the bank seem to be directed against the monied institutions, and business relations of the State of New-York.”

It is impossible that Governor Marcy should not have known, when he penned the above sentences, that they were wholly unfounded.—It requires no argument to show them to be so, —the official report of the bank, and the absence of all complaint on the part of state banks, show that he was not warranted in the assertion. When the Message was received in New-York. the intelligent men of all parties treated it with

ridicule.—In what a predicament would Governor Marcy have been placed had a resolution passed the Legislature, calling upon his Excellency, to lay before that body the evidences of his charges?—But Governor Marcy well knew what kind of men he was addressing.—And it is to be regretted, that in both branches of the legislature, there was but one man, who had the moral courage to expose the mis-statements of the Governor.—As to the “mortgage” as it was called, it was generally understood by dealers in money, that the “Albany Regency” had been speculating largely in bankstocks, that some had failed and others were about failing, on account of the “scarcity of money”—their notes were becoming due, and they could not raise the funds to meet them, and that the “six million mortgage” was passed for their benefit, under the pretence of relieving “the people.” It was well known that the great body of “the people,” the farmers, &c. would never receive a cent, nor know what would become of it—although their farms were mortgaged for its payment.

Eleventh, The bank is a political institution.

Immediately after the bank refused to remove Mr. Mason, President of the branch at Portsmouth, because he was a friend to Mr. Webster, the cry of “political institution” was raised. (For a history of that transaction, see page 140-1-2.)

Twelfth, The bank uses its money to buy up votes and control elections.

Truly, if the bank, and particularly Nicholas Biddle, is guilty of every thing he is charged with, he must be a "monster."—Neither ancient nor modern history can furnish an instance of so extraordinary a character; take for instance the following:—I recollect reading a long article two or three years since in the Evening Post, showing that the bank was insolvent—and, if I mistake not (I have not the paper at hand), that on winding up its concerns, the holders of bills would suffer.—Since that time, it seems that this very Nicholas Biddle has not only resuscitated the stock of the bank, \$35,000,000, but has got about ten millions surplus—and has paid the stockholders an annual dividend of 7 per cent. besides.—But he did not stop here—he first bought up 8 or 10 Jackson Senators, and about 25 or 30 Jackson members of Congress; seeing that Jackson men could be so easily bought, he directed his attention to the city of New-York, and bought up several thousand—he then went to Albany, Troy, Utica and several towns in the State of New-York, and bought as many as he wanted there.—He then quit purchasing at retail, and went into the wholesale business—bought up Connecticut and Rhode Island—not satisfied with that, he goes to the "ancient dominion," buys up that—then going to the extreme south, buys up the State of Louisiana, coming north, he buys up on his way, North Carolina, Indiana, Illinois, and Missouri. Kentucky he did not want—he had bought that

state before—and to cap the climax, seizes upon \$158,000 government money, and refuses to give it up to the Secretary of the Treasury.—I do not know what rule is adopted by Biddle in paying off his troops.—When men go out privateering, the captain has a certain number of shares, the mate a less number, and so down to the cook and cabin-boy.—Now, I am no more than a hand before the mast, but from the embarrassments experienced by the community from 1812 to 1817, in consequence of the want of some institution that could regulate its currency, I have ever been in favour of a National Bank; and whilst many who honestly believed in its utility, have shrunk from openly advocating it, for fear of injuring their popularity, I have fearlessly advocated one through good report, and through evil report; still I *never have received*, and *never expect to receive*, either directly or indirectly, one cent for my services. I do not know how much my share of the prize money would be, but if any one wishes to engage in a speculation, I will sell it out cheap.

Seriously, the reader may suppose that in the foregoing description of Nicholas Biddle, the object of the writer is nothing but ridicule. That it may appear *ridiculous* to some, is admitted; but the description does not contain a single charge, but that which has emanated from what many consider to be “high authority.”

Thirteenth, The *people* are in favour of the

measures pursued by the executive, in relation to the removal of the deposits.

In speaking of the weight that ought to be attached to the views and wishes of the people, the compiler can only give his individual opinion upon the question, and will frankly state what would be *his* course, if a legislator. As to the main question of consulting the views and wishes of the people, the compiler has to say, that the whole structure of our government, and its real essence, are the views and wishes of the people, and he will yield to none, in a proper respect to the public will, when fairly expressed. All public acts of Congress operate generally, and are supposed (as they in reality do) to concern the whole community. But notwithstanding the general rule, it must be admitted that particular acts of Congress more directly affect one class of community than another; and considering that a part of our social system is that of compromise, or mutual concession, it is believed, that it may be admitted as a safe principle, to particularly consult the views and wishes of those that are the most directly interested or concerned in a law, or government measure, so long as it does not affect the interests of others. Suppose, for instance, that a number of cartmen, of New-York, Philadelphia, Boston, Baltimore, and other large cities were to petition Congress, upon a subject in which their interests were directly concerned—will any one pretend to say, but that the views and wishes of the cartmen themselves would be entitled to greater weight and con-

sideration, than an equal number of farmers, mechanics, or merchants, whose interests might not be affected? Now reverse the case. It is well known, that one of the objects in establishing the Bank of the United States, was to afford facilities to the trading community. Farmers, as is well known, do not generally deal with the bank, not but that there would be a perfect propriety in their doing so, should their interests lead them to it—but the very reverse is the case; the interests of that class of community do not generally lead them to borrow money of the bank. Where a farmer deals one dollar with the bank, the trading community, say the commercial, mercantile, and manufacturing portion, deal hundreds of thousands: and if it would be right and proper, to particularly consult the views and the interests of the cartmen in the case already supposed, why not, by the same rule, consult the views and interests of the trading portion of community? God forbid, that the compiler of this work should advocate the principle, or wish to see the time ever arrive, that greater privileges should be conferred upon merchants than upon any other class; but *he does insist*, that they have equal rights and interests with the rest of the community, and that those rights and interests ought to be equally protected. It would seem, however, from the tone of some prints, that they are nothing but a band of mercenary aristocrats, having no common interest and feelings with the rest of community, and that the petitions to Congress, with the names of “Jim

Crow," "Jim Crow, jr." "Black Hawk," and the like, ought to be considered as "the voice of the people," against the aristocrats, and to be entitled to equal weight with those bearing the signatures of our most respectable merchants, manufacturers and mechanics. With these preliminary observations, the compiler will offer a few remarks upon the petitions presented to Congress during the session of 1833-34, upon the subject of the removal of the deposits. He has not the statement made by the Clerk of the Senate, at hand, but feels confident that the number of memorialists *against* the measure, was over 120,000, whilst the number in its *favour* did not exceed 25,000, say five to one against the measure.

The compiler cannot speak confidently of the character of any memorial in favour of the measure, excepting that from New-York, which contained, as was said, about 8,000 names. The compiler examined 3,000 names, by means of the New-York Directory. This is a work intended to contain the name of every householder, whether male or female, with their street and number in the city. It also contains all the usual places of persons doing business, say their stores, shops, or whatever they may be. In the directory for 1833, were about 30,000 names; in some instances a person's name will be inserted twice, say John Doe and Richard Roe are a firm that would be inserted in the directory; also the place of residence of both John Doe and Richard Roe, making three insertions in the directory, for two names.

For firms, for females, and for foreigners, inserted in the directory, deduct one-fourth of the number of names, and there would be left in that work 22,500 names of legal voters, being a little more than half the actual number in the city, the whole number being at least 40,000. Of the 3000 names examined by the compiler, a little short of 800 were found in the directory, and from that ratio, about 2150 names of the "Tammany Hall Memorial" could be found as occupants of a dwelling, and upon the most liberal calculation not 3800 of the 8000 could have been voters. Among the names *not found* in the directory, were those of "Jim Crow," "Jim Crow, Jr.," "Black Hawk," and many others of similar import. Now, it seems that with all the pressing solicitude of more than 100,000 professed freemen of good character and standing in society, humbly petitioning for the restoration of the public deposits, a measure in their opinion, calculated to relieve them not only from present pecuniary embarrassments, but also from impending bankruptcy, with all this weight of public sentiment, the chief magistrate of a nation, *professing* to be the most intelligent, and the most patriotic in the world, openly avows that if every man, woman, and child in the country were to fall down upon their knees, and petition for the restoration of the public deposits, he would not grant their request. I can only say, that if this is *republicanism*, let me *live* and let me *die* any thing but a republican.

Fourteenth, The bank loaned James Watson Webb \$52,000.

There has probably been no act of the bank which has afforded ingenious and unprincipled men a finer field for misrepresentation and for exciting groundless suspicion, than this simple transaction. The only *proper* answer to be given to the charge, is, that the directors of the bank had a right to make the loan, for which they were accountable to the stockholders, and to the stockholders only. Corporate companies, like individuals, manage their concerns in their own way, and so long as either does not molest any one, nor in any way infringe upon the rights of others, no one has cause of complaint; but there is scarcely a porter-house in the United States, into which a stranger might stop, who would not find politicians (some of whom, it is presumed, scarcely know what bank stock means) that would make him believe, from the vehemence of their complaints, that the Bank of the United States, had been squandering vast amounts of their property. But, waiving the plea of the legal right of the bank to make the loan, a plain statement of facts will be given, which will convince any honourable minded man, that there was nothing in the transaction, tending in the least degree to implicate the conduct of Col. Webb, or the bank.

James Watson Webb is, and has been for years, the proprietor of one of the most lucrative and extensive newspaper establishments in the United States, its annual receipts being from 75 to \$100,000. He, like other men in exten-

sive business, must necessarily have bank accommodations.

In the month of November, 1829, an article written at Washington, without the knowledge or consent of Col. Webb, found its way into his paper, denouncing the bank. This was followed by the first Message of President Jackson, in December, 1829, also denouncing the bank. After this (the *Courier and Enquirer* being a Jackson paper,) several articles of like import were written by Mr. Bennet, assistant editor of the paper, which Col. Webb consented to, although they did not entirely meet his approbation.

It had been represented to Col. W. that the bank was devoted to the interests of Mr. Clay, he was therefore willing that it should be attacked, if that were the case, for interfering in politics. In February, 1831, the Legislature of Pennsylvania, which was almost unanimous for President Jackson, and among his warmest supporters, passed a resolution with great unanimity which was decidedly in favour of the bank; about the same time a resolution was introduced into the Legislature of the State of New-York, disapproving its re-charter. Col. Webb went to Albany to oppose the measure. He understood that Senator Marcy (now Governor Marcy) Mr. Livingston, Speaker of the Assembly, and other distinguished members of the Jackson party, were also opposed to the resolution, for fear that it might produce a collision between

the States of New-York and Pennsylvania. It was then recommended to Col. Webb to advocate a modified re-charter.

The Courier and Enquirer, from that time, advocated the re-chartering of the bank: in consequence of which, as the editor supposes, he was not only refused his usual accommodations at the city banks, varying from 15 to \$30,000, but was required to pay up what was then due these institutions. Thus situated, he applied in August following (five months after he had been advocating the re-chartering of the bank), to Walter Bowne, mayor of the city of New-York, a former government director of the bank, a man of wealth, of high character, and at the head of the Jackson party, and expressed a wish to obtain accommodations at the United States Bank. Mr. Bowne gave him a letter of introduction to Mr. Biddle, president of the bank. Col. W. called on Mr. Biddle, and exhibited a full statement of his affairs; upon which, and upon the strength of the letter from Mr. Bowne, the bank discounted his note, endorsed by M. M. Noah, for \$20,000, payable at six months. When the note became due, \$2000 were paid, and a new note given for the balance, payable at six months. On the 16th December following, another accommodation of \$15,000 was granted to Col. W. for six months, which was paid on the 14th of March following, three months before it became due.

The foregoing is the length and breadth, the height and depth of the bribery story of Col. Webb:—a more foolish and silly tale was never

invented by man. Similar loans were made by the bank to the editors of the United States Telegraph, the Richmond Enquirer, and the Washington Globe, all deadly hostile to the bank. And what are we to infer from these transactions? are we to charge the bank with attempting to subsidize the press? If so, we must bear in mind that there is a quaint saying, "that it is a poor rule that won't work both ways." Applying that rule, and we must admit that if the loaning of money by the bank to Col. Webb amounts to bribery, it proves too much, and the consequence must be that, whilst the directors of the bank were bribing him to write in their *favour*, they at the same time were bribing the editors of the United States Telegraph, the Washington Globe, and the Richmond Enquirer, to write against them. The charge of bribery is a contemptible electioneering trick; the intelligent part of the supporters of the administration party laugh about the charge; they do not believe it, there was nothing in the whole transaction, that to a rational mind has the most distant appearance of dishonour, either on the part of Col. Webb or of the bank. That institution freely admits that "it has not presumed to proscribe the conductors of the press from their share of the accommodations due to their capital and industry. Of the extent and security of these loans, the directors claim (as they very justly say) the exclusive privilege of judging."

In the month of March, 1831, Silas E. Burrows, a wealthy merchant of New-York, obtained a loan from the bank on the notes of Messrs.

Webb and Noah ; a transaction which art and ingenuity have attempted to turn to some dishonourable account ; but it was fully proved before the committee of investigation, that Noah made an application to Burrows for the loan of a certain sum, that Burrows told him that he thought he could obtain the amount from his father, that in this he was disappointed,—being a gentleman of good credit, he obtained the amount of the bank, and paid it over to Noah, for which he received a commission of $2\frac{1}{2}$ per cent. : Noah supposing all the time, that Burrows had received the money from his father. So that whatever may have been the transaction, neither Noah nor Webb had any thing to do with it. But as respects the transaction itself, I have read it over and over, and can find nothing that even appears improper or dishonourable on the part of any one ; the whole transaction was reported to Congress by the Committee of Investigation, just before the question of re-chartering the bank came before that body ; the transaction, it is believed, was not even hinted at in debate ; nor did it, as is presumed, produce an unfavorable impression, in the mind of a single member.

Fifteenth, This, in the view of the editor of the New-York Evening Post was a most grievous offence ; so much so, that in an editorial article, he expressed a wish to know the names of the stockholders, that he might hold them up to “ public scorn.” This, it must be admitted, is the charge of charges. Surely the time has arrived, when it is considered to be improper for a body of men,

whose interests and whose interests alone are concerned, to publicly express their approbation of the manner, in which the trust committed to their agent, has been performed. By the same rule, there would be equal propriety in the interference of the editor of the *Evening Post* with the private concerns of every individual in the community. No matter under what circumstances a testimonial as to the talent, integrity, or moral worth of any one, might be given; a merchant might give a clerk that had been long in his employ, and proved himself trust worthy, a letter of recommendation—the mistress of a family might certify to the industry and honesty of her faithful servant,—and, last, though not least, some scientific gentleman might bear testimony to the ability with which this work is compiled! these would all be offences, for which the editor of the *Evening Post*, might wish to know the names of the authors, that he might hold them up to “public scorn.” Truly we have fallen on *scornful* times.

CONCLUSION.

THE compiler thinks it not improper, before bringing this work to a close, to frankly state the motives that prompted him to the undertaking; and in the first place, he would observe, that for the last two or three years, he could scarcely unfold an administration newspaper, without meeting, in staring capitals—"BANK," "BANK," "ARISTOCRATIC INSTITUTION," "MONEYED MONOPOLY," "MONSTER," "THE EMPEROR NICHOLAS," and such like frightful expressions. Believing in some measure, in the common saying, that "where there is a great deal of smoke there must be some fire," I began to think, although one of the early advocates of a National Bank, that in the whole routine of the operations of the present institution, something might be wrong. I could not however fix upon any thing definite tending to its crimination, and as the principal articles in the administration papers,

were so disjointed, so disconnected, so vague, and in a word, so full of sound and fury without any precise meaning, that I at last resolved to thoroughly investigate the subject; not from *newspaper articles*, but from *official documents*. In this undertaking, I was favourably situated, being one of the Library Committee of the American Institute, among whose collections was every document, it is believed, in relation to the Bank of the United States, from its first organization in the year 1816, to the present time. I attentively investigated the subject for four months. Not knowing however but the bank might have been guilty of some "iniquities" that were not generally known, or of which there was no account in the Library of the American Institute, I caused an advertisement (see page 181 for a copy of the advertisement) to be inserted in the New-York Commercial Advertiser, and in the New-York Evening Post, calling upon all "REPUBLICANS" to furnish me with "such well attested facts, showing the "iniquity" of the bank, as might be proper to be laid before the public. Not one charge was furnished me. In the absence, therefore, of any information, additional to what I possessed, I made a list of such charges, as appear to be the most current, and have frankly given my views upon each, in the preceding pages. With these preliminary observations, the compiler deems it proper to observe, that, after the most thorough investigation, and the coolest and most deliberate reflection, it is due to truth, and to the justice of the subject, to say, that in his opi-

nion (and he is willing to pledge his reputation as a man for the opinion), that this, nor no other country, has ever witnessed a more useful and honourably conducted institution, of like object and magnitude, than that of the Bank of the United States. The compiler is not personally acquainted with one of its directors, officers, or agents; but judging from what he has been enabled to collect, from public documents, from conversing with several gentlemen of different political sentiments, who have had dealings with the bank, all of whom bear testimony to its fairness and liberality, and from other sources, worthy of being relied on, he is led to believe, that the bank, in the able and judicious management of its affairs, has adopted the only true policy of all business men; which is to promote the interest, as far as strict justice will warrant, of its customers. By so doing, the bank has undoubtedly promoted its own interest, and at the same time, rendered its operations equally advantageous to others. Having stated the means taken to arrive at a true and thorough knowledge of the transactions of the bank, and the result of my candid and deliberate opinion of the same, it is proper to state, that my principal object, in laying this work before the community, is to undeceive the people upon a subject, which art and corruption have been but too assiduous, and too successful in misleading them. Being one of the *common people myself*, and feeling the importance of a correct knowledge, upon all affairs of a public nature, I cannot but feel a deep solicitude that all others, of

the same class should possess a like knowledge; and here it may be proper to observe, that I do not arrogate to myself the office either of teacher or of dictator: I profess only to be a compiler, and it is well known, that different occupations are pursued, in order to obtain a livelihood,—that the compilation of a work of this kind requires labour, in which all could not, with advantage to themselves, or to the community equally participate. I therefore claim, and am entitled to no other appellation than that of a “*working man*,” (a name which I am proud of,) and here offer my companions, pursuing different occupations, a specimen of the fruits of my industry. I have no reason to expect, that in all cases, it will be favourably received. I know the unwearied pains that have been taken, to divert the attention of the public from the misrule of those in power, and to fix it upon a subject, which, if not rightly understood, is well calculated, under experienced demagogues as leaders, to inflame the passions, and cause the people to lose sight of every other national subject. And it may be readily imagined how difficult it is for some, under such circumstances, however well disposed they may be to act justly upon every subject, to overcome preconceived and deep rooted prejudices,—there are others, who, from habit, from party drill, and from education, never pretend to read any thing, or to form an opinion upon any political subject, without first receiving their lesson, from some champion, as a leader,—as he reads, so they read,—as he

says, so they say, and, as he thinks, so they think. They are told that they are wonderfully patriotic and intelligent, which they believe, and whilst telling them so, their leaders laugh in their sleeves at their credulity, and methinks that I already see the bar-room circle of politicians. and this work the subject of discussion—the chief speaker whilst over his mug of beer, exclaiming, “It’s nothing but a mess of lies”—another, “Ah, he is undoubtedly bribed by the bank,”—a third, “He is one of the ‘Whigs,’ and only wants to injure and abuse General Jackson, that he and the rest of the ‘Whigs’ may get an office,” and a fourth, slapping his hands, says, “I’ll bet ye ten dollars it aint true.”—In answer to the two first charges, or arguments as some may call them, I can only say, that they remind me of a very silly and passionate woman that I once knew, who was frequently angry, although as I thought, very unjustly, with her husband, and always manifested her wrath to him, by using one standing and invariable expression, which was, “You are a nasty black nigger.” As to the third, they that class me politically with the whigs, are under a great mistake,—persons that have been acquainted with me for years, can testify, that I have not belonged to the political party termed “National Republican,” “Whig,” “Jackson,” or “Tory.” Although I fully accord in sentiment with the whigs; believing them to be a patriotic, highminded, and honourable class of men, and actuated by the same sentiments that animated the “whigs of 76,”

to resist unlawful and despotic power. In answer to the fourth argument, I am opposed to the principle of betting—knowing it to be unlawful, and believing it to have an immoral tendency; still we find, that from habit, or from various other causes, some of our first citizens do bet, and I can only say to those that may wish to bet, that this work is *not* true, that it has been principally compiled, and with care, from official documents,—that if there is a single error in it, it is either an error of the press, or such a one as has escaped my notice. My object has been to give the truth; and if an error has imperceptibly crept into the work, no one would more readily acknowledge it than myself, and no one would do more to correct it. I do not believe that there is a single sentence, inserted as a fact, of which I appear to be the author, but that could be established in a court of justice.—I would willingly testify, if lawfully required to do so, that according to the best of my knowledge and belief, every word in this book *is true*. And it is due to myself to say, that if I were satisfied, or had reasonable grounds to suppose, that the bank had ever been guilty of doing any thing different from what was contemplated by the government, in framing its charter, or if I could be satisfied that its operations had been, in anywise, injurious to community, no one would go further than I would, to put down such an institution—but I honestly believe the contrary—I believe that a set of political gamblers, finding that they could not compel the bank, in its operations, to subserve their

selfish purposes, have determined to exercise the influence which official stations give them, to crush it. The officers of the bank however, like faithful sentinels at their posts, have protected the property and interests of those who committed them to their care, for which the tocsin of war upon the institution is sounded from Maine to Louisiana. And whose interest, let it be asked, is to be affected? who is to be injured in consequence of this crusade?—Not Nicholas Biddle, the president of the bank; he can do a business that, in a pecuniary point of view would be as profitable to himself as that of being president of the bank. Not the directors, for if the bank were to go down, they would be relieved from arduous duties, for which they do not receive one cent's pecuniary compensation: not the rich lords of Europe, nor the heavy stockholders in the United States: if they were to lose something on account of paying a high price for their stock, they could afford it; and many of them, being active business men, could probably turn their money to as good an account in some other business with which they are acquainted—*those that actually would suffer, are the widow and orphan*; that class who know nothing about the speculations and diversions of money from one object to another—that class whose funds are vested in the stock of a safe institution, at a high premium, under the implied faith, at least, of the nation: this is the class of persons whose interest is to be disturbed—this is the class who are to reap the fruits of the course pursued by the

men in power. As to the re-chartering of the present bank, that will be a question for the decision of Congress. I will hazard no opinion upon it, but I will hazard the opinion, that a similar institution will be established—the nation will demand it—and those that are now proclaiming their opposition to any National Bank, will, as in numerous other instances, be compelled to deny that they were ever opposed to one, or to say that the condition of the country has changed.

THE END.

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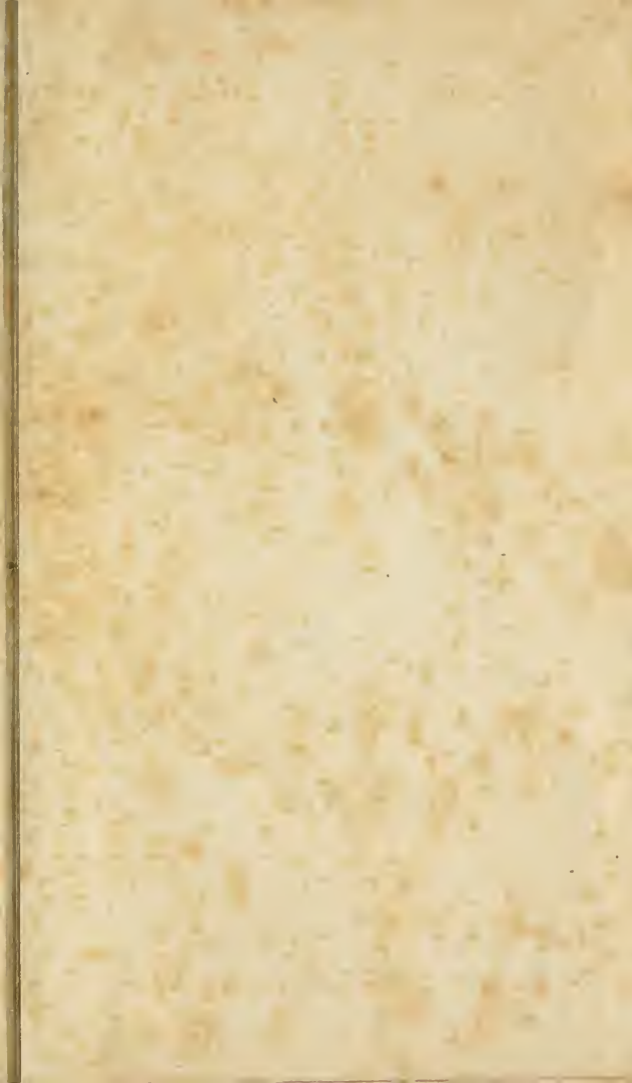
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ERRATA.

Page 43, line 21, for *H. Wm. Crawford*, read *Wm. H. Crawford*.









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