

SPEECH
OF
MR. BUCHANAN, OF PENNSYLVANIA,
ON THE POWER OF THE
BANK OF THE UNITED STATES

UNDER ITS PENNSYLVANIA CHARTER;

IN SUPPORT OF THE BILL TO PREVENT IT FROM RE-ISSUING AND CIRCULATING THE NOTES OF THE OLD BANK;

AND,

ON THE CAUSES WHICH PRODUCED THE SUSPENSION OF SPECIE PAYMENTS, AND THOSE WHICH MUST NOW EFFECT A SPEEDY RESUMPTION:

DELIVERED IN THE SENATE OF THE UNITED STATES, APRIL 23, 1838.

ALSO, HIS

REPLY TO MR. CLAY, OF KENTUCKY,

ON THE SAME DAY.

WASHINGTON:

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1838.

SPEECH.

RESURRECTION NOTES.

In Senate, Monday, April 23, 1838—On the engrossed bill to prohibit the issue and circulation of the notes of the late Bank of the United States.

Mr. BUCHANAN said there was but one consideration which could induce him, at the present moment, to take any part in the discussion of the bill now before the Senate. He felt it to be his duty to defend the Legislature of the State which he had, in part, the honor to represent, from the charge which had been made against them by the Senator from New Jersey [Mr. WALL] and other Senators, and by many of the public presses throughout the country, that, in rechartering the Bank of the United States, they had conferred upon it the powers of a great trading company. This charge was wholly unfounded in point of fact. The charter had not constituted it a trading company; and he felt himself bound to make the most solemn and public denial of that charge. If this Bank had become the great cotton merchant which was represented, and he did not doubt the fact, it had acted in express violation of its charter. He therefore rose, not to criminate, but to defend the Legislature of his native State.

The Democratic party of Pennsylvania had been, unfortunately, divided in 1835; and the consequence was the recharter of the Bank of the United States. Of the wisdom or policy of this measure (said Mr. B.) the Senate of the United States are not constituted the judges. I shall never discuss that question here. This is not the proper forum. I shall leave it to the sovereign people of the State. To them, and to them alone, are their representatives directly responsible for this recharter of the Bank. As a citizen of the State, I have, on all suitable occasions, both in public and in private, expressed my opinion boldly and freely upon the subject. In a letter from this city, dated on the 30th June, 1836, which was published throughout the State, I have presented my views in detail upon this question; and I feel no disposition to retract or recant a single sentiment which I then expressed. On the contrary, experience has only served to confirm my first convictions.

My task is now much more agreeable. It is that of defending the very Legislature who renewed the charter of the Bank, from the charge which has

been made and reiterated over and over again, here and throughout the country, of having created a vast corporation, with power to deal in cotton, or any other article of merchandise. A mere reference to the charter, will, of itself, establish my position. It leaves no room for argument or doubt. The rule of common reason, as well as of common law, is, that a corporation can exercise no power, except what has been expressly granted by its charter. The exercise of any other power, is a mere naked usurpation. On the present occasion, however, I need not resort to this rule. The charter not only confers no such power of trading, but it contains an express prohibition against it. It was approved by the Governor on the 18th day of February, 1836, and the fifth fundamental article contains the following provision: "*The said corporation shall not, directly or indirectly, deal or trade in any thing except bills of exchange, gold and 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.*" In this particular, it is but a mere transcript from the charter granted to the late Bank by Congress on the 10th of April, 1816, which was itself copied from the charter of the first Bank of the United States, established in the year 1791. I have not recently had an opportunity of examining the charter of the Bank of England, but I believe it contains a similar provision. The Senate will, therefore, at once perceive that there is as little foundation for charging the Legislature of Pennsylvania with conferring upon the existing bank the enormous powers of a great trading company, as there would have been for making a similar charge against the first or the last Congress which chartered a Bank of the United States. It is true that the Bank, under its existing charter, can deal much more extensively in stocks than it could have done formerly; but this power does not touch the present question.

The Bank, by becoming a merchant and dealing in cotton, has clearly violated its charter, and that, too, in a most essential particular. Either the Legislature or the Governor may direct a *scire facias* to issue against it for this cause; and, if the fact be found by a jury, the Supreme Court of the State can exercise no discretion on the subject, but must, under the express terms of the act creating it, adjudge its charter to be forfeited and annulled, whether the Legislature or the Governor shall put

sue this course, is for them, not for me, to decide. This Bank has already so completely entwined itself around our system of internal improvements and common school education, that it doubtless believes it may violate its charter with impunity. Be this as it may, the sin of speculating in cotton lies at the door of the Bank, and not at that of the Legislature.

Heaven knows the Legislature have been sufficiently liberal in conferring powers upon this institution; but I doubt whether a single member of that body would have voted to create a trading company, with a capital of \$35,000,000, in union with banking privileges. Let us pause and reflect for a moment upon the nature and consequences of these combined powers. A bank of discount and circulation, with such an enormous capital, and a trading company united! By expanding or contracting its discounts and circulation, as a bank, it can render money plenty or money scarce, at its pleasure. It can thus raise or depress the price of cotton, or any other article, and make the market to suit its speculating purposes. The more derangement that exists in the domestic exchanges of the country, the larger will be its profits. The period of a suspension of specie payments is its best harvest, during which it can amass millions. It is clearly the interest of this Bank, whatever may be its inclination, that specie payments should continue suspended, and the domestic exchanges should continue deranged as long as possible. The ruin of the country thus becomes its most abundant source of profit. Accordingly, what do we find to have been its course of policy? I have heard it described by several gentlemen from the South and Southwest, some of whom are members of this body. It has gone into that region of the Union with these resurrection notes of the old Bank, the reissue of which this bill proposes to prohibit; and, in some States, it has exchanged them, the one-half for the depreciated local currency, and the other half for specie. With this local currency it has purchased cotton, and sent it to England for the purpose of paying its debts there, whilst with the specie it has replenished its vaults at home. In other States it has exchanged these dead notes of the old Bank for the notes of the local banks, receiving a large premium on the transaction, and with the latter has purchased cotton on speculation. A general resumption of specie payments would at once put an end to this profitable traffic. It has, then, first violated the charter from Congress by reissuing the notes of the old Bank, and then violated the charter from Pennsylvania by speculating in cotton. During the suspension of specie payments, these notes have been the only universal paper circulation throughout the country; and thus, by reissuing them, in defiance of the law, the present Bank has been enabled to accumulate extravagant profits.

This charge against the Bank of speculating in cotton has never, to my knowledge, been contradicted. We have heard it from the other side of the Atlantic, as well as from the South and the Southwest. The Whig press of our country has commended, nay, almost glorified the Bank for going into the cotton market, when that article was depressed, and making large purchases, and its

friends in England have echoed these notes of praise. Its example has produced a new era in banking. We find that the Southern and Southwestern banks have also become cotton merchants; and, from present appearances, the trade in this great staple of our country is no longer to be conducted by private merchants, but by banking corporations.

Under this system, what will be the fate of your private merchants? This practice must be arrested, or they must all be ruined. The one or the other alternative is inevitable. What private individual can enter the cotton market in competition with the banks of the country? Individual enterprise can accomplish nothing in such a struggle. It would be the spear hurled by the feeble hand of the aged Priam, which scarce reached the buckler of the son of Achilles. The Bank of the United States, which, according to the testimony of its president, might have destroyed, by an exertion of its power, almost every bank in the country, could, with much greater ease, destroy any private merchant who might dare to interfere with its speculations. Such a contest would be that of Hercules contending against an infant. It can acquire a monopoly against individual merchants in any branch of mercantile business in which it may engage; and, after having prostrated all competition, it can then regulate the price of any article of commerce according to its pleasure. I do not say that such is either its wish or its intention; but I mean thus to illustrate the vast and dangerous power which it may exercise as a merchant. The East India company monopolized the trade of Asia, but it possessed no banking powers. It could not, therefore, by curtailing or expanding its issues, make money scarce or make money plenty at pleasure, and thereby raise or depress the price of the articles in which it traded. In this respect its power as a merchant was inferior to that now exercised by the Bank of the United States.

How vain, then, I might almost say how ridiculous, is it for the people of the South to make the attempt to establish merchants in the Southern seaports for the purpose of conducting a direct trade with Europe in cotton and other articles of their production, in opposition to the Bank of the United States and their own local banks. This effort must fail, or the banks must cease to be merchants. I am glad to learn that, at the late Southern convention, this alarming usurpation by the banks of the appropriate business of the merchant has been viewed in its proper light. The time, I trust, is not far distant when they will be confined, by public opinion, to their appropriate sphere. What a fatal error it is for any free people, tempted by present and partial gain, to encourage and foster such institutions in a course which must, if pursued, inevitably crush the merchants of the country who conduct its foreign trade! As a class, these merchants are highly meritorious, and entitled to our support and protection against a power which, if suffered to be exerted, must inevitably destroy them.

Philadelphia is a city devoted to the interests of the Bank; but even in that city, if it should undertake to speculate in flour, in coal, or in any other article which is poured into her market from the

rich abundance of the State, such conduct would not be submitted to for a moment. The Legislature of the State would at once interpose to protect our merchants. Such an attempt would at once break the spell of bank influence. And yet it possesses no more power to deal in Southern cotton than it does in Pennsylvania flour. It will remain a banker at home; whilst its mercantile speculations will be confined to the Southern and Southwestern provinces of its empire.

The reason will now, I think, appear manifest why the Parliament of Great Britain, the Congress of the United States, and the Legislature of Pennsylvania, have so strictly prohibited their banking institutions from dealing in any thing except bills of exchange and gold and silver bullion. If the Bank of England should dare to invade the province of the merchants and manufacturers of that country in a similar manner, the attempt would instantly be put down. Every man acquainted with the history and character of the people of England, knows that such would be the inevitable consequence. And yet this violation of law, on the part of the Bank of the United States, has been lauded in our free Republic.

As I am upon the floor, I shall proceed briefly to discuss the merits of the bill now before the Senate. It proposes to inflict a fine not exceeding ten thousand dollars, or imprisonment not less than one nor more than five years, or both such fine and imprisonment, at the discretion of the court, upon those who shall be convicted under its provisions. Against whom does it denounce these penalties? Against directors, officers, trustees, or agents of any corporation created by Congress, who, after its term of existence is ended, shall reissue the dead notes of the defunct corporation, and push them into the circulation of the country, in violation of its original charter. The bill embraces no person, acts upon no person, interferes with no person, except those whose duty it is, under the charter of the old bank, to redeem and cancel the old notes as they are presented for payment, and who, in violation of this duty, send them again into circulation.

This bill inflicts severe penalties, and, before we pass it, we ought to be entirely satisfied, first, that the guilt of the individuals who shall violate its provisions is sufficiently aggravated to justify the punishment; second, that the law will be politic in itself; and, third, that we possess the constitutional power to enact it.

First, then, as to the nature and aggravation of the offence. The charter of the late Bank of the United States expired, by its own limitation, on the 3d of March, 1836. After that day, it could issue no notes, discount no new paper, and exercise none of the usual functions of a bank. For two years thereafter, until the 3d of March, 1838, it was merely permitted to use its corporate name 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." Congress had granted the bank no power to make a voluntary assignment of its property to any corporation or any individual. On the contrary, the plain meaning of the charter was, that all the

affairs of the institution should be wound up by its own President and Directors. It received no authority to delegate this important trust to others; and yet what has it done? On the second day of March, 1836, one day before the charter had expired, this very president and these directors assigned all the property and effects of the old corporation to the Pennsylvania Bank of the United States. On the same day, this latter Bank accepted the assignment, and agreed to "pay, satisfy, and discharge all debts, contracts, and engagements, owing, entered into, or made by this [the old] Bank, as the same shall become due and payable, and fulfil and execute all trusts and obligations whatsoever arising from its transactions, or from any of them, so that every creditor or rightful claimant shall be fully satisfied." By its own agreement, it has thus expressly created itself a trustee of the old Bank. But this was not necessary to confer upon it that character. By the bare act of accepting the assignment, it became responsible, under the laws of the land, for the performance of all the duties and trusts required by the old charter. Under the circumstances, it cannot make the slightest pretence of any want of notice.

Having assumed this responsibility, the duty of the new Bank was so plain that it could not have been mistaken. It had a double character to sustain. Under the charter from Pennsylvania it became a new banking corporation; whilst, under the assignment from the old Bank, it became a trustee to wind up the concerns of that institution under the act of Congress. These two characters were in their nature separate and distinct, and never ought to have been blended. For each of these purposes it ought to have kept a separate set of books. Above all, as the privilege of circulating bank notes, and thus creating a paper currency, is that function of a bank which most deeply and vitally affects the community, the new Bank ought to have cancelled or destroyed all the notes of the old Bank which it found in its possession on the 4th of March, 1836, and ought to have redeemed the remainder, at its counter, as they were demanded by the holders, and then destroyed them. This obligation no Senator has attempted to doubt, or to deny. But what was the course of the Bank? It has grossly violated both the old and the new charter. It at once declared independence of both, and appropriated to itself all the notes of the old Bank, not only those which were then still in circulation, but those which had been redeemed before it accepted the assignment, and were then lying dead in its vaults. I have now before me the first monthly statement which was ever made by the Bank to the Auditor General of Pennsylvania. It is dated on the 2d of April, 1836, and signed J. Cowpenthwaite, acting cashier. In this statement the Bank charges itself with "notes issued," \$36,620,420 16; whilst in its cash account, along with its specie and the notes of State banks, it credits itself with "notes of the Bank of the United States and officers," on hand, \$16,794,713 71. It thus seized these dead notes to the amount of \$16,794,713 71, and transformed them into cash; whilst the difference between those on hand and those issued, equal to \$19,825,706 45, was the circulation which the new Bank boasted it had inherited

from the old. It thus, in an instant, appropriated to itself, and adopted as its own circulation, all the notes and all the illegal branch drafts of the old Bank which were then in existence. Its boldness was equal to its utter disregard of law. In this first return, it not only proclaimed to the Legislature and people of Pennsylvania that it had disregarded its trust as assignee of the old Bank, by setting upon the whole of the old circulation and converting it to its own use, but that it had violated one of the fundamental provisions of its new charter.

In Pennsylvania we have, for many years past, deemed it wise to increase the specie basis of our paper circulation. We know that, under the universal law of currency, small notes and gold and silver coin of the same denomination cannot circulate together. The one will expel the other. Accordingly, it is now long since we prohibited our banks from issuing notes of a less denomination than five dollars. The Legislature which rechartered the Bank of the United States, deemed it wise to proceed one step further in regard to this mammoth institution; and in that opinion I entirely concur. Accordingly, by the sixth fundamental article of its charter, they declare that "the notes and bills which shall be issued by order of said corporation, or under its authority, shall be binding upon it; and those made payable to order shall be assignable by endorsement *but none shall be issued of a denomination less than ten dollars.*"

Now, it is well known to every Senator within the sound of my voice, that a large proportion of these resurrection notes, as they have been aptly called, which have been issued and reissued by order of the new bank, are of the denomination of five dollars. Here, then, is a plain, palpable violation, not only of the spirit, but of the very letter of its charter. The Senate will perceive that the Bank, as if to meet the very case, is not merely prohibited from issuing its own notes, signed by its own president and cashier, of a denomination less than ten dollars, but this prohibition is extended to the notes or bills which shall be issued by its order, or under its authority. If I should even be mistaken in this construction of the law, and I believe I am not, it would only follow that its conduct has not amounted to a legal forfeiture of its charter. In both cases the violation of the spirit of its charter, and the contravention of the wise policy of the Legislature, are equally glaring. So entirely did the Bank make these dead notes its own peculiar circulation, that until July last, in its monthly returns to the Auditor General of Pennsylvania, the new and the old notes are blended together, without any distinction. In that return we were, for the first time, officially informed that the Bank had ever issued any notes of its own.

And here an incident occurs to me which will be an additional proof how lawless is this Bank, whenever obedience to its charter interferes in the least degree with its policy. By the tenth fundamental article of that charter, it is required to "make to the Auditor General monthly returns of its condition, showing the details of its operations according to the forms of the returns the Bank of the United States now makes to the Secretary of the Treasury of the United States, or according to such

form as may be established by law." From no idle curiosity, but from a desire to ascertain, as far as possible, the condition of the banks of the country, and the amount of their circulation, I requested the Auditor General, during the late special session of Congress in September, to send me the return of the bank for that month. In answer, he informed me, under date of the 22d of September, that the bank had not made any return to his office since the 15th of the preceding May. Thus, from the date of the suspension of specie payments until some time after the 22d of September last, how long I do not know, a period during which the public mind was most anxious on the subject, the Bank put this provision of its charter at defiance. Whether it thus omitted its duty because at the date of the suspension of specie payments it had less than a million and a half of specie in its vaults, I shall not pretend to determine. If this were the reason, I have no doubt that it sent to the Auditor General all the intermediate monthly returns on the 2d of October, 1837, because at that period it had increased its gold and silver to more than three millions of dollars.

In order to illustrate the enormity of the offence now proposed to be punished, Senators have instituted several comparisons. No case which they have imagined equals the offence as it actually exists. Would it not, says one gentleman, be a flagrant breach of trust for an executor, entrusted with the settlement of his testator's estate, to reissue, and again put in circulation for his own benefit, the bills of exchange or promissory notes which he had found among the papers of the deceased, and which had been paid and extinguished in his lifetime? I answer, that it would. But, in that case, the imposition upon the community would necessarily be limited, whilst the means of detection would be ample. The same may be observed in regard to the case of the trustee, which has been suggested. What comparison do these cases bear to that of the conduct of the Bank? The amount of its reissues of these dead notes of its testator is many millions. Their circulation is coextensive with the Union, and there is no possible means of detection. No man who receives this paper can tell whether it belongs to that class which the new Bank originally found dead in its vaults, or to that which it has since redeemed and reissued, in violation of law; or to that which has remained circulating lawfully in the community, and has never been redeemed since the old charter expired. There is no remark upon these notes. It is impossible to distinguish those which have been illegally reissued from the remainder.

I can imagine but one case which would present any thing like a parallel to the conduct of the Bank. In October last, we authorized the issue of \$10,000,000 of Treasury notes, and directed that when they were received in payment of the public dues, they should not be reissued, but be cancelled. Now, suppose the Secretary of the Treasury had happened to be the president of a bank in this District, and, in that character, had reissued these dead Treasury notes, which he ought to have cancelled, and again put them into circulation, in violation of the law, then a case would exist which might be compared with that now before the Senate. If such a case should ever occur, would not the Se-

cretary at once be impeached; and is there a Senator upon this floor who would not pronounce him guilty? The pecuniary injury to the United States might be greater in the supposed than in the actual case; but the degree of moral guilt would be the same.

Whether it be politic to pass this law is a more doubtful question. Judging from past experience, the Bank may openly violate its provisions with impunity. It can easily evade them by sending packages of these old notes to the South and Southwest, by its agents, there to be reissued by banks or individuals in its confidence. There is one fact, however, from which I am encouraged to hope that this law may prove effectual. No man on this floor has attempted to justify, or even to palliate, the conduct of the Bank. Its best friends have not dared to utter a single word in its defence against this charge. The moral influence of their silence, and the open condemnation of its conduct by some of them, may induce the Bank to obey the law.

I now approach the question—do Congress possess power under the Constitution to pass this bill? In other words, have we power to restrain the trustees of our own Bank from reissuing the old notes of that institution which have already been redeemed and ought to be destroyed? Can there be a doubt of the existence of this power? The bare statement of the question seems to me sufficient to remove every difficulty. It is almost too plain for argument. I should be glad if any gentleman would even prove this power to be doubtful. In that event I should refrain from its exercise. I am a State Rights man, and in favor of a strict construction of the Constitution. The older I grow, and the more experience I acquire, the more deeply rooted does this doctrine become in my mind. I consider a strict construction of the Constitution necessary not only to the harmony which ought to exist between the Federal and State Governments, but to the perpetuation of the Union. I shall exercise no power which I do not consider clear. I call upon gentlemen, therefore, to break their determined silence upon this subject, and convince me even that the existence of the power is doubtful. If they do, I pledge myself to vote against the passage of the bill.

If this power could only be maintained by some of the arguments advanced by the friends of the bill, in the early part of this discussion, it never should receive my vote. Principles were then avowed scarcely less dangerous and unsound than the principle on which the Senator from Vermont [Mr. PERRYSS] insists that the friends of the bill must claim this power. He contends that it does not exist at all, unless it be under that construction of the Constitution advocated by his friend from Massachusetts, [Mr. WENSTER,] which would give to Congress power over the whole paper currency of the country under the coinage and commercial powers of the Constitution. The Senator from Connecticut [Mr. NILES] was the first in this debate who presented in bold relief the principle on which this bill can securely rest.

Neither shall I dodge this question, as some Senators have done, by taking shelter under the pretext that it is a question for the judiciary to decide,

whether the general language of the bill be applicable to the officers of the Bank of the United States under the Pennsylvania charter. We all know that it was intended to embrace them. Indeed, it was their conduct, and that alone, which called this bill into existence. It is true that the provisions of the bill extend to all corporations created by Congress; but it is equally certain, that had it not been intended to apply to the Bank of the United States, it would have been confined in express terms to the District of Columbia, where alone corporations now exist under the authority of Congress. Away with all such subtleties! I will have none of them.

Suppose, sir, that at any time within the period of two years thus allowed by the charter to the president and directors of the Bank to wind up its affairs, these officers, created under your own authority, had attempted to throw thirty millions of dollars of their dead paper again into circulation, would you have had no power to pass a law to prevent and to punish such an atrocious fraud? Would you have been compelled to look on and patiently submit to such a violation of the charter which you had granted? Have you created an institution, and expressly limited its term of existence, which you cannot destroy, after that term has expired? This would indeed be a political Hydra which must exist for ever, without any Hercules to destroy it. If you possess no power to restrain the circulation of the notes of the old Bank, they may continue to circulate for ever in defiance of the power which called them into existence. You have created that which you have no power to destroy, although the law which gave it birth limited the term of its existence. Will any Senator contend that during these two years allowed by the charter for winding up the concerns of the bank, we possessed no power to restrain its president and directors from reissuing these old notes? There is no man on this floor bold enough to advance such a doctrine. This point being conceded, the power to pass the present bill follows as a necessary consequence.

If the president and directors of the old Bank could not evade our authority, the next question is, whether, by assigning the property of the corporation to a trustee the day before the charter expired, and delivering up to him the old notes which ought to have been cancelled, they were able to cut this trustee loose from the obligations which had been imposed upon them by the charter, and from the authority of Congress. Vain and impotent, indeed, would this Government be, if its authority could be set at naught by such a shallow contrivance. No, sir, the fountain cannot ascend beyond its source. The assignee in such a case is not released from any obligation which the assignor assumed by accepting the original charter. In regard to Congress, the trustee stands in the same situation with the president and directors of the old Bank. We have the same power to compel him to wind up the concerns of the bank, according to the charter, that we might have exercised against those from whom he accepted the assignment. The question is too plain for argument.

The present case is still stronger than the one which I have presented. It is an assignment by

the old Bank of the United States, not to strangers, not to third persons, but to themselves, in the new character conferred upon them by the Legislature of Pennsylvania. The new charter expressly incorporates all the stockholders of the old Bank, except the United States, so that the individuals composing both corporations were identical. For the purpose of effecting this transfer from themselves to themselves, they got up the machinery of one President and one Board of Directors for the old Bank, and another President and another Board of Directors for the new Bank. What kind of answer, then, would it be to Congress for them to say, True, we accepted a charter under your authority, by which we were bound to reissue none of our old notes after the 3d March, 1836, but we have since assumed a new character; and under our old character, we have transferred the Bank which you created, to ourselves in our new character; and we have thus released ourselves from all our old obligations, and you have no constitutional power to enforce them against us? No sir, no sir: we have the power, and it is our duty, to compel the president and directors of the Bank, which we established, or their assignees, to close its concerns; and this power will continue until the duty shall be finally accomplished. The one power is a necessary implication from the other. If this duty has not been performed within the two years which we have allowed for its fulfilment, our power depends not upon any such limitation, but upon the fact whether the concerns of the Bank have been actually closed. If this were not the case, then all the affairs of the Bank left unfinished at the end of these two years would be outlawed. This limitation was intended not to abridge the power of Congress, but to hasten the action of the president and directors in winding up the concerns of the Bank. At this very session, and since the two years have expired, Congress has passed an act, without a shadow of opposition from any quarter, giving the president and directors of the old Bank authority to prosecute and defend existing suits. I should be glad to see any Senator rise in his place, and make even a plausible argument in opposition to these plain and almost self-evident positions.

In this brief argument, I have not attempted to derive any power from the fact that the United States were proprietors of one-fifth of the stock of the old Bank, and that they might be rendered responsible, either legally or equitably, for the eventual redemption of these dead notes. I disclaim any such source of power. To be a proprietor is one thing, and to be a sovereign is another. The mere fact that we owned stock can confer no power upon us, which we would not have possessed, had we never been interested to the amount of a dollar. We should have the same power to wind up a bank emanating from our sovereign authority in the one case as in the other. We possess the same power to close the concerns of all the banks in the District of Columbia after their charters shall have expired, although we are not proprietors of any of their stock, which we have to wind up the Bank of the United States, in which we were so deeply interested.

I need scarcely observe that I do not contend for any power to punish citizens of the United States,

or even the officers of banking institutions, except such of them only as the trustees of the Bank created by ourselves, for issuing these dead notes. We intend to punish the trustees under our own law, and them alone for the violation of that law. These notes may circulate from hand to hand without rendering those who receive or those who pay them obnoxious to any punishment. Even if we possessed the power, it would be highly unjust to attempt its exercise. As I observed before, these notes have no earmarks, and no man can tell whether any one of them has been illegally reissued by the bank since the 3d March, 1836, or whether it was issued before that date, and has continued legally to circulate in the community ever since.

I repeat, I should be glad to see any Senator, and especially any one who believes that Congress possesses the constitutional power to charter a Bank of the United States, rise in his place, and make even a plausible argument in opposition to the plain and almost self-evident positions which I have taken in support of the power to pass this bill. Those Senators who doubt or who deny our power to create such a bank are placed in a different situation, because their vote in favor of this bill might at first view seem, by implication, to concede that power. This objection does not appear to me to be sound. That question cannot be fairly raised by this bill. Whether the charter of the late Bank was constitutional is no longer a fair subject of consideration. It was adopted by Congress, approved by the President, and afterwards pronounced to be constitutional by the highest judicial tribunal of the land. It thus received every sanction necessary to make it binding on the people of the United States. The question was thus settled beyond the control of any individual, and it was the duty of every good citizen to submit. Under every Government there must be a time when such controversies shall cease; and you might now as well attempt to exclude Louisiana from the Union, because you may believe her admission was unconstitutional, as to act upon the principle, in the present case, that Congress had no power to charter the late Bank. No man on this floor had ever avowed that he would vote to repeal the charter of the late Bank, during the twenty years of its existence, because he might have thought it was originally unconstitutional. During this period all were obliged to submit. Under such circumstances, it would be carrying constitutional scruples very far, indeed, for any gentleman to contend that, although the Bank has existed under the sanction of a law which we were all bound to obey, we cannot now execute that law and close its concerns, because as individuals we may have deemed it to be originally unconstitutional. If it had been so, the obligation upon us would only be the stronger to wind it up finally, and thus terminate its existence.

I most cheerfully admit that if an attempt should ever be made to charter another bank, the question of constitutional power would then again be referred to each individual member of Congress, to be decided according to the dictates of his own judgment and his own conscience.

Before I take my seat, I intend to make some remarks on the causes of the suspension of specie

payments by the banks of the country, and the causes equally powerful which must, and that ere long, compel a resumption.

The late manifesto issued by the present Bank of the United States displays, upon its face, that it has inherited from the old bank an unconquerable disposition to interfere in the politics of the country. This has been its curse, its original sin, to which it owes all its calamities and all its misfortunes. It has not yet learned wisdom from its severe experience. Would that it might, and confine itself to its appropriate sphere! As a citizen of Pennsylvania, I most ardently and devoutly express this wish. It has now set itself up, as the primary power, against the resumption of specie payments, and has attempted to enlist in the same cause all the other banks of the country. Its language to them is, that "the Bank of the United States makes common cause with the other banks." And again: "They (the banks) are now safe and strong, and they should not venture beyond their entrenchments, while the enemy is in the plain before them." "The American banks should do, in short, what the American army did at New Orleans, stand fast behind their cotton bales, until the enemy has left the country."

Thus whilst every eye and every heart was directed to the banks, expecting anxiously from them a speedy resumption of specie payments, this grand regulator of the currency has proclaimed to the country that all its vast power will be exerted to prevent the accomplishment of our wishes.

The Bank does not even attempt to conceal the fact that, in pursuing this course, it has been actuated by political hostility against the present Administration. It has boldly avowed that "if the banks resume, and are able, by sacrificing the community, to continue for a few months, *it will be conclusively employed at the next elections to show that the schemes of the Executive are not as destructive as they will prove hereafter.*" In plain language, the banks must not resume before the next elections; they must not open their vaults, pay their honest debts, and thus redeem the country from the curse of an irredeemable paper currency; because, if they should, this may operate in favor of the present Administration, and place its opponents in a minority. And such is the conduct of the Bank whilst it vaunts its own ability to resume immediately.

The Bank proceeds still further, and complains that "bank notes are proscribed not merely from the land offices, but from all payments of every description to the Government." I would ask, has any Senator upon this floor, has any statesman of any party in the country, ever raised his voice in favor of the receipt by the Government of irredeemable bank paper? I beg their pardon; two Senators have proposed such a measure, [Messrs. PRESTON and CLAY;] but I will do them the justice to say, that although I considered their proposition most unwise and impolitic, and resisted it as such at the time, yet they intended by this means to enable the banks the sooner to resume specie payments.

Mr. PRESTON. It was exclusively limited to that consideration.

Mr. BUCHANAN. Although the proposition was limited to the first of August, the Senators them-

selves, upon reflection, thought it so improper that they abandoned it, and we have heard nothing of it since.

What would have been the condition of the country, at the present moment, had we received irredeemable bank notes in payment of the public dues? The banks, by our conduct, would have been encouraged to increase their discounts and expand their issues, and we should have gone from bad to worse, until, at this moment, we should have had no prospect of the resumption of specie payments. Mr. Cheves has informed us that if the Government had not stood firm in 1819 against the receipt of irredeemable notes, the banks would at that period have suspended. Much more necessary is it that we should now maintain the same ground, in order to secure a resumption. Had we pursued any other course, it is true we should have had but one currency for the Government and the people; but it would have been a currency of irredeemable bank rags, without the hope of a better. And yet the Bank of the United States complains that the Government does not receive such paper. In order to have done so, we must have repealed the existing laws upon the subject; and who has ventured to propose any such measure?

The Bank of the United States has succeeded, at the late Bank Convention in New York, in keeping its forces behind their cotton bales. The banks of only two States in the Union have voted against the resolution to suspend the resumption of specie payments until the first day of January next. These were New York and Mississippi; and whether the latter voted thus because their banks are ready now to resume, or desired to postpone resumption until a still more distant day, I shall not pretend to determine. After this display of power, no one will question the ability of the Bank to keep its forces behind their enrichments, unless they should be driven into the plain by the irresistible power of public opinion.

Several weeks ago I attempted to imitate the illustrious examples which had been set before me on this floor, and became a political prophet. I then predicted that, before the close of the present year, commerce and manufactures would again revive and flourish, and the country would be restored to its former prosperity. The signs of the times have already confirmed the truth of this prophecy. Encouraged by past experience, I shall venture to make another prediction: There is not a sound and solvent bank in any of the Atlantic States of this Union, including the Bank of the United States, which will not have resumed specie payments long before the first of January. All the opposition of the banks themselves cannot prevent this result. In the very nature of things it must come to pass. The power of public opinion is yet still greater in this country than that of the banks. The Bank of the United States will not be able to keep its forces behind their cotton bags until so late a period.

It is now too late in the day for us any longer to doubt what was the true cause of the suspension of specie payments. That question has been settled on the other side as well as on this side of the Atlantic. Abundance of light has been shed upon

this subject, and no two sound-judging men, at all acquainted with the facts, can arrive at different conclusions. It has already become history. And yet the Bank, in its manifesto, has not once alluded to this cause. What was it? In the perpetual fluctuations which must ever be produced by our present banking system, unless it should be regulated by State legislation, of which I now almost despair, it was expanded in the commencement of the year 1837 almost to the point of explosion. The bubble is created, it expands, and reflects the most brilliant colors. Its admirers gaze upon it with hope and ecstasy, when, suddenly, it bursts, and leaves them in ruin and despair. Such has been the history of the past, and such will be that of the future. This expansion had produced, as it must ever produce, enormous speculation and over-trading. The commercial debt which we then owed to England for foreign merchandise was immense. We must have suffered the fatal collapse sooner or later, but a circumstance then occurred in England which at once produced the explosion. It was the spark applied to the magazine of gunpowder.

A similar state of expansion then existed in England. They were threatened with similar evils from extravagant bank credits, and their inevitable consequence—enormous speculation and over-trading. The Bank of England had in vain attempted to control the joint-stock banks, and confine them within reasonable limits. She at last became alarmed for her own safety. In the beginning of 1837 her stock of specie was reduced to about four millions of pounds sterling, or one-sixth of her circulation and deposits. This was not more than one-half of the proportion which, it is believed, she ought to have in order to render her secure. The state of the foreign exchanges was gradually withdrawing the remaining bullion from her vaults. At this crisis, under the influence of a panic, she withdrew her credits from the American houses in England, and ruined them. The price of cotton, in consequence, suddenly fell from nineteen and twenty cents to seven and eights cents per pound; and thus, according to the best and most discreet estimate which I have seen, we lost at least thirty millions of dollars. This sum was thus, as it were, in a single moment, abstracted from our means of paying the immense commercial balance against us. At the close of this disastrous operation, that balance was estimated at forty millions of dollars. What was the immediate consequence? A drain of specie then commenced from our banks for exportation, in order to pay this debt, and they were thus compelled to suspend or be ruined. Another circumstance existed to increase our embarrassments. Our merchants had drawn heavy bills upon England, predicated upon the cotton which they had shipped there, expecting to receive the old prices. In consequence of the sudden fall of prices, these bills were dishonored, and came back protested. Thus many of our largest mercantile houses were ruined.

The catastrophe proceeded from the same causes, and was similar in both countries, except that in England the banks were not compelled to suspend specie payments. The revenue of both has been insufficient to meet the current expenses of the Go-

vernment, and each will be obliged to borrow nearly the same sum to supply the deficiency.

This is now history, which can neither be changed nor perverted. On both sides of the Atlantic all men of business and practical statesmen have come to the same conclusion. Away, then, with your Specie Circular, your mismanagement of the deposits, and your clamor raised by the Executive against bank notes, as the causes of the suspension of specie payments. The Bank calculates too much upon the political credulity of the people, when, at this late day, after the subject is perfectly understood, it attempts to palm off upon them such exploded reasons for the suspension. A convulsion which has shaken the commercial world to its centre, and has extended over three quarters of the globe, could never spring from such trivial causes.

If the Executive has been carrying on a war against the credit system of the country, and in favor of an exclusive metallic currency for the people of the United States, I am ignorant of the fact. I have never even suspected it. I believe this is a mere phantom which has been conjured up to alarm the fears of the timid. If the President ever should wage any such war, I shall not fight under his banner. The only pretext upon which this charge has been founded is, that he and his political friends desire to separate the business of the Treasury from that of the banks, not to render them hostile to each other. Until that propitious day shall arrive, we shall be forever agitated by the connection of the currency with our miserable party politics. Political panics, political pressures, charges against the Government for exercising an improper influence over the banks, and charges against the banks for interfering with the politics of the country; all, all which have kept us in a state of constant agitation for the last seven years will continue to exist, and will be brought into action upon every successive election for President and Vice President. We shall thus continue in a state of perpetual commotion; and the great interests of the country will be sacrificed. Let the Treasury and the banks part in peace, and whilst they are mutually independent, let them wage no war against each other; and I solemnly believe it would be the greatest blessing which could be conferred upon both parties. To this extent I should go with the President if I had the power; but when I determine to obey instructions, I shall do it honestly and fairly. I shall, therefore, say no more on this subject.

It is true that at the special session I did endeavor to prove that the present banking system, under its existing regulations, was one of the very worst which the art of man could devise. Under it, ruinous expansions and recessions must continue to succeed each other at stated periods, and many of the best and most enterprising men of the country must be one its victims. I then expressed a hope, not unmingled with fear, that the State Legislatures at their next session might impose wholesome restrictions upon their banking institutions—restrictions which would prove equally advantageous to the banks and the people. These Legislatures have all now risen without prescribing any such regulations, and we are destined again and again to pass through the same vicissitudes which we have so often already witnessed.

The Whigs have always been exceedingly unlucky in regard to the time of these periodical revulsions, occasioned by excessive banking. They have either come too soon or too late to answer their political purposes. Had the suspension of specie payments occurred one year sooner than it did, the hero of Tippecanoe might have been the successor of the hero of New Orleans. But the revulsion came again at the wrong time; and long before the Presidential election of 1840, the country will again be prosperous. The effects of the suspension will have passed away, like the baseless fabric of a vision, without leaving a trace behind. Our late experience has been so severe, that the next bank explosion may possibly be postponed until the year 1844. Whom it may then benefit I know not, nor do I much care. One thing is certain, that these revulsions can never do any thing but injury to the party in power. It is the nature of man to accuse the Government, or any thing else, except his own misconduct, for his misfortunes.

I now approach a much more agreeable part of my subject; and that is, to prove that the banks must and will speedily resume specie payments. I shall attempt to establish that now is the very time, the accepted time, the best time, and, within the period of a few months, the only time, when they can resume, without the least embarrassment. Some of the causes which will speedily effect this happy result, I shall enumerate.

In the first place, I shall do the banks of the country generally the justice to say, that since the suspension of specie payments they have curtailed their circulation and their loans to a great extent, and have done every thing they reasonably could to atone for their past extravagance. The banks of Pennsylvania, including that of the United States, during a period of ten months, commencing in January, and ending in November, 1837, had reduced their circulation from twenty-five millions and a quarter to almost seventeen millions, and their discounts from eighty-six millions and a half to nearly seventy-one millions, whilst, during the same period, they had increased their specie from five millions and three-quarters to upwards of seven millions. From all I can learn, they have been since progressing at nearly the same rate, though I have not seen their official returns. The banks of other States have been generally pursuing the same course. The consequence is, that the confidence of the country in their banking institutions has been, in a great degree, restored. I feel convinced that if they should resume specie payments to-morrow, in the interior of Pennsylvania, at least, there would be no run upon them, except for as much silver change as might be required to supply the place of the miserable trash now in circulation under the denomination of shuplasters. Besides, they would soon receive on deposit a greater amount from those who have been hoarding specie, under the belief that it would be safer at home than in the banks, and in the hope that they might hereafter use it to great advantage. No foreign demand now exists to drain the banks of their specie; on the contrary, the reflux tide has set in strongly, and is now waiting immense sums of gold and silver to our shores.

But, sir, another powerful cause of re-umption exists. Our exports of cotton have, many months ago, paid our foreign commercial debt. Whilst that has been extinguished, the disastrous condition of our currency has reduced almost to nothing the orders of our merchants for foreign goods. Our imports are of small comparative value. In the mean time, our cotton crop of 1837 has been regularly and steadily seeking its accustomed markets in England and France. We have sold much, and bought little, and the balance in our favor is nearly all returning in specie. From the last English accounts which I have seen, the exports of specie from that country to this were still on the increase; and now, by almost every vessel from abroad which reaches our shores, we are receiving gold and silver. Specie, by the latest advices, was the most profitable means of remittance from England to the United States, yielding a profit of four per cent. When Congress met in September last, the rate of Exchange against us on England was upwards of twenty per cent. It is now reduced to six per cent, which is three or four per cent. below the specie par. A great revolution in so short a period! It proves how vast are the resources of our country.

This great revolution has been effected by means of our cotton. The English manufacturers must have this article, or be ruined. This necessity has reversed the ordinary laws of trade, and the foreign market for it has remained firm and steady, although we bring home scarcely any equivalent, except in specie.

If a large portion of our cotton crop still remains unsold, so much the better. The golden tide will continue so much the longer to flow into our country. It is the policy of our banks to take it at the flood, and go on to fortune. If the banks do but seize the present golden opportunity, they will have completely fortified themselves before a reverse can come. This state of things cannot always continue. A reaction must occur. If the banks wait for the ebbing tide, and postpone a re-umption until our merchants shall make heavy purchases abroad, and specie shall begin to be exported, they will then encounter difficulties which they need not now dread. I again repeat that this moment is the accepted time for the banks to resume.

But it is not only the ordinary laws of trade which are now bringing vast amounts of specie to our country. Two other causes are operating powerfully to produce this result.

The conduct of the Bank of England, in arresting its credits to the American houses, which was the immediate cause of the suspension of specie payments, has been loudly condemned by men of all parties there. This measure has done that country nearly as much injury as it has done this, because England must always suffer from every derangement in our currency. The Bank is now conscious of this truth, and is retracing her steps. She has increased her stock of bullion between February, 1837, and March, 1838, from £4,032,090 to upwards of ten millions sterling. She is now strong, and it is her interest, as well as that of the people of England, that she should use this strength in assisting us to resume

specie payments. Accordingly, she has, through the agency of one of our most intelligent and enterprising citizens, made an arrangement to furnish the banks of New York one million sterling in specie, to aid them in resuming payments in gold and silver. This million is now arriving, by instalments, in the United States. In resuming at the present moment, our banks have every thing to hope, and nothing to fear, from England.

Again: The spirit of internal improvement is abroad throughout our land. States and private companies have loans to make for the purpose of erecting their public works. Money is now plenty in England, and is every where seeking an investment. The derangement in the business of that country has thrown capital out of employment. The rate of interest has been reduced to three and three and a half per cent. Their capitalists are anxious to make secure investments in loans to our different State Governments, and incorporated companies, at a higher rate of interest than they can obtain at home. These loans are now being disposed of in England to a very large amount; and the greater proportion of their proceeds must return in specie to this country. Every thing is propitious to an immediate resumption by our banks.

Will the Bank of the United States resume? I confess I do not doubt the fact. She has made a false movement, and it is the great prerogative of strength to acknowledge and retrieve an error. Her late manifesto against the resumption of specie payments has not found a single advocate on this floor. It has struck dumb all her friends. But yesterday she might have stood against the world. To-day there is none so poor as to do her reverence. Even those who must politically suffer by the resumption, because "it will be conclusively employed at the next elections, to show that the schemes of the Executive are not so destructive as they will prove hereafter," have not dared to break a lance in her defence. This was not wont to be the case in days of yore, for hitherto her champions have been always ready to do battle in her cause. Notwithstanding all which has been said upon the subject, I am not one of those who believe that the Bank of the United States is not able to resume. Although the statement of her condition, as recently published, is not very flattering, yet her resources are vast. She is able if she were willing. Of this I cannot entertain a doubt.

Again: Will not the Bank take compassion on the good city of Philadelphia, which has ever been devoted to its interest? Boston has been called the Athens of America; New York, the great Commercial Emporium; and Baltimore, the Monumental City; whilst Philadelphia has been distinguished by the name of the City of the Bank or marble palace; and well have her citizens earned this distinction by their loyalty. Will the Bank now consent to see her commerce and trade languish, and her star wane before that of New York, rather than retrace its steps and resume specie payments? No, never. Forbid it, gratitude!

That this must be the effect, who can doubt? Merchants who come from a distance to purchase goods with money in hand will go where they can buy the cheapest; and goods at a specie standard must always be cheaper than in a depreciated cur-

rency. Those who have produce to sell, especially if the sale is to be made upon credit, will seek that market where they will receive its price in sound currency. Already the prospect of resumption in New York has made Philadelphia's notes worth less by five per cent. than those of the city. What will this difference become when one city shall have resumed, and the circulation of the other shall be irredeemable paper? Who has money to remit or deposit will send it to Philadelphia, to be returned in notes depreciated to the extent which cannot be foreseen, when they send it to New York with a perfect confidence: it will be returned to them according to the specie standard? Under such a state of things, the trade of New York must increase and flourish at the expense of that of Philadelphia. I have not time present, to enter into further particulars on this branch of the subject.

The people of Pennsylvania have submitted patiently to the suspension of specie payments by their banks. They have bowed to the necessity which existed, and have treated them with kindness and generosity. The Bank of the United States proclaimed its ability to resume, and our other banks are in the same situation. The necessity of a further suspension no longer exists. Pay your honest debts when you are able, is a maxim due to the people of Pennsylvania. This duty has now become a question of morality, far transcending any question of policy. If these privileged corporations now any longer refuse to pay their honest debts, either for the sake of their own advantage or from a desire to elevate one political party and depress another, the indignation of honest men of all parties, will be roused against them. There will be a burst of popular feeling from our mountains and our valleys, which they will be compelled to respect. Thank God! public opinion in the interior of Pennsylvania is yet stronger than the money power. Our people will never submit to degradation that their banks shall furnish them with currency but that of irredeemable paper; which throughout the State of New York, the banks should have resumed specie payments. Nothing can be more wounding to my own pride, as a Pennsylvanian.

If our banks should hold out, under the command of their great leader, until the first day of January next, many of them will never be able to resume. The public confidence, which their conduct since the suspension has hitherto inspired, will long ere that distant day cease to exist. No run would now be made on them in case they resumed; but if they are forced into the measure by public opinion, after resisting as long as they can, the days of many of them will then be numbered. Honesty, duty, policy, all conspire to dictate them a speedy resumption.

In conclusion, permit me to remark, that the people of the United States have abundant cause for the deepest gratitude towards that great and glorious man now in retirement for preventing the recharter of the Bank of the United States. He is emphatically the man of the age, and has left deeper and more enduring impress upon it than any individual of our country. Still, in regard to the bank, he performed but half his work. For

pletion we are indebted to the president of the Bank. Had the Bank confined itself, after it acted the charter from Pennsylvania, to its mere banking and financial operations—had it exerted power to regulate the domestic exchanges of the country—and, above all, had it taken the lead in the resumption of specie payments, a new bank, Bank-like, might have arisen from the ashes of the old. That danger, from present appearances, is now passed away. The open defiance of Congress by the Bank—the laws of the country over and over again violated—its repeated attempts to interfere in the party politics of the day—all, all have taught the people the danger of such a vast moneyed corporation. Mr. Biddle has finished the work which Gen. Jackson only commenced.

Not one particle of personal hostility towards the gentleman has been mingled in my discussion of the question. On the contrary, as a private gentleman, I respect him; and my personal course with him, though not frequent, has been of the most agreeable character. I am always ready to do justice to his great and varied talents. I have spoken of the public conduct of the Bank over which he presides with the freedom and boldness which I shall always exercise in the performance of my public duties. It is the President of the Bank, not the man, that I have assailed. It is the nature of the institution over which he presides that has made him what he is. In all other men, he must yield to his destiny. The possession of such vast and unlimited power, continued for a long period of years, would have driven the head of almost any other man, and driven him to as great excesses.

In vain you may talk to me about paper regulations in the charter of a bank of sufficient magnitude to be able to crush the other banks of the country. When did a vast moneyed monopoly regard the law, if any great interest of its stood in the way? It will then violate its charter, and its own power will secure it impunity. It well knows that in its destruction the ruin of hundreds and thousands would be involved, therefore it can do almost what it pleases. The history of the Bank for several years past has been one continued history of violated laws, and attempts to interfere in the politics of the country. Create another bank, and place any other man at its head, and the result will be same. Such a constitution will always hereafter prove too strong for the Government; because we cannot again expect, at least in our day, another Andrew Jackson to sit in the Presidential chair. On the other hand, should such a bank, wielding the moneyed power of the country, form an alliance with the political party, and that is the natural position of the party, their combined influence would govern the country, and liberty might become an empty name.

BUCHANAN'S REPLY TO MR. CLAY, ON THE SAME DAY.

Mr. BUCHANAN said he had never enjoyed any triumphs, and therefore he prized the more the one which he had won this day. He forced the honorable Senator from Kentucky, [Mr. CLAY,] to break that determined silence which hitherto sealed his lips on the subject of this

bill. Thus, said Mr. B. I have adorned my brow with a solitary sprig of laurel. Not one word was he to utter upon the present occasion. This he had announced publicly.

[Here Mr. CLAY dissented.]

Mr. BUCHANAN. I thought he had announced the other day his determination not to debate the question, and stated this as the reason why he propounded to the Senator from New Jersey [Mr. WALL] the question whether, in his opinion, John Brockenbrough and Albert Gallatin could be constitutionally punished by Congress for re-issuing the old notes of the Bank of the United States.

[Mr. CLAY again explained.]

Well, said Mr. BUCHANAN, the Senator did intend to address the Senate on this subject, and the only sprig of laurel which I ever expected to win from him has already withered. Yet still there was an evident reluctance on his part, which all must have observed, to enter into this contest. The Senator from Vermont [Mr. PRENTISS] had made an able constitutional argument in opposition to the bill. With the exception of that gentleman, and the Senator from South Carolina, [Mr. PRESTON,] a profound silence had reigned on this (the Whig) side of the house. The question had been propounded by the VICE PRESIDENT, and the vote was about to be taken, when I rose and addressed the Senate. Immediately after I had taken my seat, the Senator from Kentucky sprang to his feet, and has made one of his best speeches, for it belongs to the character of his mind to make the ablest efforts with the least preparation. I will venture to say he had not intended to make that speech when he entered the Senate chamber this morning.

[Mr. CLAY admitted this to be the fact.]

Then, said Mr. BUCHANAN, I have succeeded, and my sprig of laurel is again green.

The gentleman says I may hang Nick Biddle, if I please; but I please to do no such thing. I would be sorry to subject him even to the punishment of imprisonment denounced by this bill; and if he should ever be convicted under its provisions, I hope the court may content itself with the infliction of a mere pecuniary fine. Hang Nick Biddle, indeed! I wish to keep him for the service of the Whig party, should they ever come into power. The Senator from South Carolina [Mr. PRESTON] had said, at the extra session, that Mr. Biddle, if appointed Secretary of the Treasury, would, in thirty or sixty days, I forget which, heal all the disorders in the currency, and remove all the financial embarrassments of the Government. His appointment would prove a sovereign panacea for all existing evils. Now I go for this Administration both from principle and inclination, and shall support the re-election of the present President; but if I were a Whig, the Senator from Kentucky would be my first choice. I should, therefore, be very sorry to deprive him of the services of Mr. Biddle, who will make, in the opinion of the Senator's friend from South Carolina, the very best Secretary of the Treasury in the whole country.

The Senator from Kentucky asks me why I do not defend Mr. Biddle, a distinguished citizen of my own State. My answer is at hand. I cannot defend his conduct as president of the Bank, be-

cause I believe it to be wholly indefensible; and he has been attacked in no other character. I should have been proud and happy to undertake this task, could I have performed it consistently with my conscience. But why does the Senator propound such a question to me? I confidently expected Mr. Eiddle would have been defended by a much more eloquent tongue. I defend him! when the eloquent gentlemen all around me are his own peculiar friends; and yet, strange to tell, not one of them has attempted to justify his conduct. "But yesterday he might have stood against the world." "He has fallen, fallen from his high estate." Whence this ominous silence? I wished to hear him defended, if it could be done, by gentlemen of his own political party, who have never hitherto shrunk from such a responsibility.

The Senator asserts that the Bank of the United States is no longer in existence. But are not the president, directors, and officers, the same that they were under the old charter? Has it not branch banks in at least two States—Louisiana and Georgia, and branch agencies scattered over the rest of the Union? And to render its continued existence still more palpable, has it not seized all the notes of the old Bank, good, bad, and indifferent, and converted them to its own use? Why, sir, according to its very last return, it has but little more than three hundred thousand dollars of new notes in circulation, whilst the circulation of its old notes exceeds six millions. Is it not still diffusing its blessings and its benefits every where, in the opinion of its friends and admirers? Why has it not, then, proved to be the grand regulator of the currency, and prevented a suspension of specie payments? If that were impossible, why is it not, at least, the first among the banks to urge their resumption? Had it acted thus, it is possible it might have obtained another charter from Congress. But when we find not only that it could not save itself from the general crash, but that it is now the great leader in opposing a resumption of specie payments, we must lose our confidence in its power as a grand regulator.

But this Bank, says the Senator, is a mere domestic institution of Pennsylvania. With one of its arms stretched across the Atlantic, for the purpose of loaning money, buying bills, and regulating exchanges there, whilst, with the other, it conducts immense banking and trading operations here, co-extensive with the Union, how can it be called a mere domestic institution of a single State? Nay, more: it seems, by its last manifesto, to have taken "the great commercial and pecuniary interests" of the Union into its keeping, both at home and abroad. Sir, a single State cannot furnish employment for its immense capital. It would starve within such narrow limits. It is no more a State institution now than it was under the old charter, except that its existence as the same identical corporation has been continued by an act of the Legislature of Pennsylvania, instead of an act of Congress; and that, too, with much greater powers than it formerly possessed. It never ventured to plant itself in England under the old charter. No sir, let not gentlemen delude themselves. The old Bank of the United States still lives, and moves, and has its being, without even having changed its name.

The Senator from Kentucky asks, why pass this bill? He says it is wholly unnecessary; and whilst he admits that the present Bank had no legal power to reissue these old notes, he thinks it ought not to be prevented from acting thus, because these notes furnish the best and only universal currency in the Union. The Senator reminds me of the ancient heretics which existed in the Church, mentioned and condemned by the Apostle Paul. Their doctrine was, that it was lawful to do evil that good might come. It seems we are now to have a similar sect of political heretics, whose doctrine is, violate the law, if you can thereby furnish a good currency for the people. But there was not the least necessity for any such violation. As the old notes came in, the Bank might have supplied their place by circulating its own new notes. They are a better currency in every respect; because the present Bank is under a legal obligation to redeem them on demand. Not so in regard to the old notes. Their immediate redemption depends upon the honor of the Bank, and nothing more. I have no doubt Mr. Eiddle intends to redeem them; but he may be succeeded by another and a different man. Besides, the Bank may, in the course of time, become insolvent; and in that event the payment of its own notes and debts must be preferred to that of these resurrection notes. It is certain that no direct remedy can be had upon them against the present Bank.

The Senator denounces the present bill not only as unconstitutional, but as the most enormous stretch of power he has ever known to be attempted. I am glad to find that the Senator has become the advocate of a strict construction of the Constitution, and an enemy to the exercise of doubtful powers. In this particular we agree. And I am much pleased to learn from himself that he does not concur with the Senator from Massachusetts [Mr. WEBSTER] in deriving power over the paper currency of the country from the clauses in the Constitution authorizing Congress to coin money and regulate commerce. By abandoning this latitudinarian construction, however, he virtually surrenders up the power to create a National Bank. The Senator shakes his head, but I shall endeavor to prove that this is the dilemma in which he has placed himself. On what ground did the Supreme Court decide the Bank to be constitutional? It was because Congress, possessing the express power to levy and collect taxes for the purpose of paying the debts of the United States, might create a bank by implication, if they believe it to be a necessary agent in the execution of this taxing power. Now will any man, at this day, pretend that the taxes of the Government cannot be collected, and its debts paid, without the agency of such a bank? I think not. It must have been for the purpose of extricating himself from this dilemma, and finding a power somewhere else to establish a Bank, that the Senator from Massachusetts asserted a general power in Congress to create and regulate the paper currency of the country, and derived it from the coining and commercial clauses in the Constitution. I should be pleased always to agree with the Senator from Kentucky, and I am glad that we unite in denying the power claimed by the Senator from Massachusetts.

In regard to the power to pass this bill, I shall

state the proposition of the Senator from Kentucky as fairly as I can. He says that the Bank of the United States is a corporation created by a sovereign State, and that this bill, intended to operate upon such a corporation, is wholly unconstitutional and subversive of State Rights. Now, sir, if the bill were intended to act upon the Bank, as a Pennsylvania corporation, I should abandon the argument. The president and directors of this Bank sustain two characters, totally separate and distinct from each other. They are officers of the Pennsylvania Bank, and in that character they are beyond our control. But they have voluntarily assumed another character, by becoming assignees and trustees of the old Bank chartered by Congress, for the purpose of winding up its concerns; and it is in this character, and this alone, that we have any jurisdiction over them. We do not attempt to interfere with the Bank as a corporation of the State of Pennsylvania. No, sir: we only undertake to operate upon it as the assignee of our own old Bank. The gentleman asked if the old Bank had assigned its property to individual trustees, could we pass any law to compel these trustees to wind up its concerns? Most certainly we could; because, no matter into whose hands the duty of winding up our Bank may have passed, we should possess the power to compel a performance of that duty. This power of Congress can never be evaded or destroyed by any transfer to trustees made by officers created by our own law, whether the transfer be legal or illegal. Our power attaches to such trustees, and will continue until they shall have closed the concerns of the Bank.

The gentleman says that the power to create a bank is one implication, and that to wind it up is a second implication, and to pass this bill would be piling implication upon implication, like Pelion upon Ossa, which cannot be done under the Constitution. Now, sir, to what absurdities does not this argument lead? By implication you can create a bank for a limited period, which you cannot destroy after that period has expired. Your creature, the term of whose existence you have foreordained, becomes eternal in defiance of your power. And this because you cannot add implication to implication. The gentleman asks where do you find this winding up power in the Constitution? I answer, wherever he finds the creating power. The one necessarily results from the other. If not, when you once call a bank into existence, its charter, although limited to a few years, becomes in fact perpetual. You cannot create that which you cannot destroy, after it has lived its appointed time.

As to Mr. Gallatin and Mr. Brockenbrough—nobody pretends you can touch them or their banks by your law. The bill is confined to your own agents, acting under your own law, and therefore subject to your own jurisdiction. These agents are as much yours for the purpose proposed by the bill, as the president and directors of the old Bank would have been. There is a perfect privity, as the lawyers would say, between the two; nay, there is a perfect identity. It is no argument to say that the old Bank is dead; but even this is not the fact. We have extended its existence at the present session, without a dissenting voice, in either House, for the

purpose of prosecuting and defending its suits, and it has always continued to elect a President and Board of Directors.

The Senator has asked if the Bank of England or any of the banks in Canada had ceased to exist, and their agents in this country should re-issue their old notes, whether we would claim the power of punishing them for that cause. This question, in my opinion, presents the only instance of haste and want of sufficient reflection in the gentleman's speech. There is no analogy between the two cases. Congress never created the Bank of England, nor any bank in Canada, and therefore Congress can never claim any power to close their concerns. We assert no power except over our own Bank and its trustees. We cannot interfere with the banks of the several States, much less with those of a foreign country.

The Senator thinks he has caught me in a palpable inconsistency. He says I first condemned the expansion of the banks in this country, and afterwards condemned the contraction of the Bank of England. I might have done so, in the special case of the refusal of that bank to extend its accustomed credits to the American houses, without any inconsistency; but I expressed no opinion of my own upon the subject. In stating the causes which produced the suspension of specie payments in the United States, I said that this act of the Bank of England had been condemned in that country both by their statesmen and men of business. I passed no censure whatever on the conduct of that bank, and the gentleman, therefore, need not have reminded me that it would but little regard my censure. I am content to confine my humble exertions to our own institutions at home, leaving to other gentlemen the glory of having South America on one side of the Atlantic and Greece on the other, shouting hosannas in their praise.

The gentleman asks, with a triumphant air, where is England and France at the present moment? Are they not prosperous, whilst we are embarrassed? In regard to England, I answer that money there is plenty and cheap; and this simply because business has been paralyzed by the great convulsion under which we have both suffered; and it is the capital which has been thrown out of active employment, from this very cause, which is now seeking investment at a low rate of interest. The commerce and trade of England have fallen off to such an extent that Parliament has been obliged to borrow two millions sterling to meet the current expenses of the Government. In this particular they are placed in a similar situation with ourselves. And yet after all the light which has been shed upon the subject, the gentleman still attributes that convulsion which has shaken the commercial world to its centre, to the removal of the deposits, the Specie Circular, and Gen. Jackson.

I have but lately turned prophet; and there has been such poor success in that line on this side of the House, that I have almost determined to abandon the trade forever. In one respect I resemble the false prophets of old, because they prophesied nothing but good. This may probably result from my sanguine temperament, and my desire to look upon the bright side of human affairs. In my prophetic vision I have therefore never, like the gen-

tleman, denounced war, pestilence, and famine against the country.

The gentleman strongly condemns the members of the present cabinet. I am willing to accord to the President the privilege of selecting his own agents and advisers, without any interference on my part. When he, or they, shall recommend measures of which I disapprove, I shall exercise my right of opposing them as an independent Senator. I do not believe that any evidence can be produced that the President and his cabinet are opposed to the credit system of the country. If this should ever appear, it will then be time enough for me to denounce such a policy. My instructions have prevented me from expressing my views

at length upon this subject. They contain nothing, however, which forbid me from saying, nay I am only expressing their sentiment when I assert, that a separation of the business of the Government from that of the banks, would be one of the greatest blessings which could be conferred on the country. In releasing the banks from the Government, and the Government from the banks, the interest of both parties would be promoted, mutual jealousies and recriminations would be ended, and the currency and business of the country would cease to be involved in the perpetual struggles which exist for political power.

I might say much more in reply to the gentleman, but I forbear.

ARY
ERVE BANK