

Message

THE PRESIDENT OF THE U. S.

(Concluded from our last.)

It is true that such an agency is in every respect convenient to the Treasury but it is not indispensable. The limitation of the expenses of the Government to its actual wants and the revenue to those expenses, the convenient means for its prompt application to the purposes for which it is raised are the objects which should seek to accomplish. The selection safe-keeping transfer and disbursement of the public money, it is believed, be well managed by officers of the Government. Its selection and to a great extent its disbursement also have indeed been hitherto conducted solely by them; neither National nor State banks have been employed being required to do so men keep it safely while in their custody and transfer and pay it in portions and at such times as the Treasury shall direct. Surely Banks are more able than the Government to secure the money in their possession against accident violence or fraud. The assertion that they are so must assume that a vault in a bank is stronger than a vault in the Treasury; and that directors, cashiers, and clerks, selected by the Government, nor under its control are more worthy of confidence than officers selected from the people and responsible to the Government; officers bound by official oaths and bonds for a faithful performance of their duties and constantly subject to the supervision of Congress.

The difficulties of transfer and the heretofore rendered by banks, have been less than is usually supposed. The actual accounts show that by far the larger portion of payments is made within short or convenient distances from the places of collection; and the whole number of warrants issued at the Treasury in the year 1834—a year the results of which will it is believed afford a safe basis for the future fall short of five thousand or an average of less than one daily for each State; in the city of New York they did not average more than two a day and at the city of Washington only four.

The difficulties heretofore existing are moreover daily lessened by an increase in the cheapness and facility of communication; and it may be asserted with confidence that the necessary transfers as well as the safe-keeping and disbursements of the public moneys, can be with safety and convenience accomplished through the agencies of Treasury officers. This opinion has been in some degree confirmed by actual experience since the discontinuance of the banks as fiscal agents in May last; a period which from the embarrassments in commercial intercourse presented obstacles as great as any that may be hereafter apprehended.

The manner of keeping the public money since that period is fully stated in the report of the Secretary of the Treasury. That officer also suggests the propriety of assigning by law, certain additional duties to existing establishments and officers which with the modifications and

safeguards referred to by him, will he thinks, enable the Department to continue to perform this branch of the public service, without any material addition either to their number or the present expense. The extent of the business to be transacted has already been stated; and in respect to the amount of money of which the officers employed would be entrusted at any one time, it appears that assuming a balance of five millions to be at all times kept in the Treasury, and the whole of it in the hands of the collectors and receivers, the proportion of each would not exceed an average of thirty thousand dollars; but that, deducting one million for the use of the mint, and assuming the remaining four millions to be in the hands of one half of the present number of officers—a supposition deemed more likely to correspond with the fact—the sum in the hands of each would still be less than the amount of most of the bonds now taken from most of the receivers of public money.

Every apprehension, however, on the subject, either in respect to the safety of the money, or the faithful discharge of these fiscal transactions, may it appears to me, be effectually removed by adding to the present means the Treasury, the establishment by law, at a few important points, of offices for the deposit and disbursement of such portions of the public revenue as cannot, with obvious safety and convenience be left in the possession of the collectors. Neither the amounts retained in their hands, nor those deposited in the offices, would in an ordinary condition of the revenue, be larger in most cases than those often under the control of the disbursing officers of the Army and Navy, and might be made entirely safe, by requiring such securities and exercising such controlling supervision, as Congress may by law prescribe. The principle officers whose appointments would become necessary under this plan; taking the largest number suggested by the Secretary of the Treasury, would not exceed ten; nor the additional expenses, at the same estimate, sixty thousand dollars a year.

There can be no doubt of the obligation of those who are intrusted with the affairs of Government, to conduct them with as little cost to the nation as is consistent with the public interest; and it is for Congress, and ultimately for the people, to decide whether the benefits to be derived from keeping our fiscal concerns apart, and severing the connection has hitherto existed between the Government and the banks, offer sufficient advantages to justify the necessary expense. If the object to be accomplished is deemed important to the future welfare of the country, I cannot allow myself to believe that the addition to the public expenditures of comparative so small an amount as will be necessary to effect it, will be objected to by the people.

It will be seen by the report of the Post Master General, herewith communicated, that the fiscal affairs of that Department have been successfully conducted since May last, upon the principle of dealing only in the legal currency of the United States, & that it needs no legislation to maintain its credit, and facilitate the management of its concerns; the existing laws being, in the opinion of that officer, ample for those objects.

Difficulties will doubtless be encountered for a season, and increased services required from the public functionaries; such are usually incident to the commencement of every system, but they will be greatly lessened in the progress of its operations.

The power and influence supposed to be connected with the custody and disbursement of the public money, are topics on which the public mind is naturally, and with great propriety, peculiarly sensitive. Much has been said on them, in reference to the proposed separation of the Government from the banking institutions; and surely no one can object to any appeals or animadversions on the subject, which are consistent with facts, and evince a proper respect for the intelligence of the people. If a Chief Magistrate may be allowed to speak for himself, on such a point, I can truly say, to me nothing would be more acceptable, than the withdrawal from the Executive to the greatest practical extent, of all concern in the custody and disbursement of the public revenue; not that I would shrink from any responsibility cast upon me by the duties of my office, but because it is my firm belief, that its capacity for usefulness is in no degree promoted by the possession of any patronage not actually necessary to the performance of those duties. But under our present form of Government, the intervention of the Executive officers in the custody and disbursement of the public money seems to be unavoidable: and before it can be admitted that the influence and power of the Executive would be increased by disposing with the agency of banks, the nature of that intervention in such an agency must be carefully regarded, and a comparison must be instituted between its extent in two cases.

The revenue can only be collected by officers appointed by the President, with the advice and consent of the Senate. The public moneys, in the first instance, must, therefore, in all cases, pass

through hands selected by the Executive. Other officers appointed in the same way, or as in some cases by the President alone, must also be intrusted with them when drawn for the purpose of disbursement. It is thus seen, that even when banks are employed, the public funds must twice pass through the hands of the Executive officers. Besides this, the head of the Treasury Department, who also holds his office at the pleasure of the President, and some other officers of the same department, must necessarily be invested with more or less power in the selection, continuance; and supervision, of the banks that may be employed. The question is then narrowed to the single point whether, in the intermediate stage between the collection and disbursement of the public money, the agency of the banks is necessary to avoid a dangerous extension of the patronage and influence of the Executive? But it is clear that the connection of the Executive with powerful moneyed institutions, capable of ministering to the interest of men in points where they are most accessible to corruption, is less liable to abuse, than his constitutional agency in the appointment and control of the few public officers required by the proposed plan! Will the public money, when in their hands, be necessarily exposed to any improper interference on the part of the Executive? May it not be hoped that a prudent fear of public jealousy and disapprobation, in a matter so peculiarly exposed to them will deter him from any such interference, even if private motives be found imperative? May not Congress so regulate, by law, the duty of those officers, and subject it to such supervision and publicity, as to prevent the possibility of any serious abuse on the part of the Executive? And is there equal room for such supervision and publicity in a connection with banks, acting under the shield of corporate immunities, and conducted by persons irresponsible to the Government and the people? It is believed that a candid and candid investigation of these questions will result in the conviction, that the proposed plan is far less liable to objection, on the score of Executive patronage and control, than any bank agency that has been, or can be devised.

With these views, I leave to Congress the measures necessary to regulate, in the present emergency, the safe keeping and transfer of the public money. In the performance of constitutional duty, I have stated to them without reserve, the result of my own reflections. The subject is of great importance; and one on which we can scarcely expect to be united in sentiment as we are in interest. It deserves a full and free discussion, and cannot fail to be benefited by a compassionate comparison of opinions. Well aware myself of the duty of reciprocal concessions among the coordinate branches of the Government, I can promise a reasonable spirit of co-operation, so far as it can be indulged in without the surrender of constitutional objections, which I believe to be well founded. Any system that may be adopted should be subjected to the fullest legal provision, so as to leave nothing to the Executive but what is necessary to the discharge of the duties imposed on him; and whatever plan may be ultimately established, my own part shall be so discharged as to give it a fair trial, and the best prospect of success.

The character of the funds to be received and disbursed in the transactions of the Government, likewise demands your careful consideration.

There can be no doubt that those who framed and adopted the Constitution having in immediate view the depreciated paper of the Confederacy—of which five hundred dollars in paper were, at times, only equivalent to one dollar in coin—intended to prevent the recurrence of similar evils, so far at least as related to the transactions of the new Government. They gave Congress express powers to coin money, and regulate the value thereof, and of foreign coin they refused to give it power to establish corporations—the agents, then as now, chiefly employed to create a paper currency; they prohibited the States from making any thing but gold and silver a legal tender in payment of debts; and the first Congress directed by positive law; that the revenue should be received in nothing but gold and silver.

Public exigency at the outset of the Government without direct legislative authority led to the use of banks as the fiscal aids to the Treasury. In admitted deviation from the law, at the same period, and under the same exigency, the Secretary of the Treasury received their notes in payment of duties.—The sole ground on which the practice thus commenced, was then, has since, been justified, is the certain, convenient, and immediate exchange of such notes for specie. The Government did indeed receive the inconvertible notes of State banks during the difficulties of the war; and the community submitted without a murmur, to the unequal taxation and multiplied evils of which such a course was productive. With the war this indulgence ceased, and the banks were again obliged to redeem their notes in gold and silver. The Treasury, in accordance with previous practice, continued to dispense with currency required by the act of 1789, and took the notes of banks in full

confidence of their being paid in specie on demand and Congress, to guard against the slightest violation of this principle, have declared by law, that if notes are paid in the transactions of Government, it must be under such circumstances as to enable the holder to convert them into specie without depreciation or delay.

Of our own duties under the existing laws, when the banks suspended specie payments, I could not doubt. Directions were immediately given to prevent the reception into the Treasury, of any thing but gold and silver or its equivalent; and every practicable arrangement was made to preserve the public faith, by similar or equivalent payments to the public creditors. The revenue from lands had been for some time substantially so collected, under the order issued by the directions of my predecessor.—The effects of that order had been so salutary and its forecast in regard to the increasing insecurity of bank paper had become so apparent, that, even before the catastrophe, I had resolved not to interfere with its operation. Congress is now to decide whether the revenue shall continue to be so collected or not. The receipts into the Treasury, of bank notes, not redeemed in specie on demand, will not I presume, be sanctioned. It would destroy, without the excuse of war or public distress that equality of imports and identity of commercial regulation, which are the foundation of our confederacy, and would offer to each State a direct temptation to increase its foreign trade, by depreciating the currency received for duties in its ports. Such a proceeding would also, in a great degree, frustrate the policy so highly cherished, of infusing in our circulation a large proportion of the precious metals; a policy, the wisdom of which none can doubt, though there may be different opinions as to the extent to which it should be carried. Its results have already been too auspicious, and its success is too closely interwoven with the future prosperity of the country, to permit us for a moment to contemplate its abandonment. We have seen under its influence, our specie augmented beyond eighty millions; our coinage increased so as to make that of gold amount, between August 1834, and December 1836 to ten millions of dollars, exceeding the whole coinage at the mint during the thirty one previous years. The prospect of further improvement continued without abatement, until the moment of suspension of specie payments. This has now indeed suddenly checked, but it is still far from being overthrown. Amongst all conflicting theories, one position is undeniable; the precious metals will invariably disappear when there ceases to be necessity for their use as a circulating medium. It was in strict accordance with this truth that while, in the month of May last, they were every where seen, and were current for all ordinary purposes, they disappeared from circulation the moment the payment of specie was refused by the banks, and the community tacitly agreed to dispense with its employment. Their place was supplied by a currency exclusively of paper, and in many cases of the worst description.

Already are the bank notes now in circulation greatly depreciated, and they fluctuate in value between one place and another; thus diminishing and making uncertain the worth of property and the price of labor, and failing to subserv, except at a heavy loss, the purposes of business. With each succeeding day the metallic currency decreases; by some it is hoarded, in the natural fear, that once parted with, it cannot be replaced, while by others it is diverted from its more legitimate uses, for the sake of gain. Should Congress sanction this condition of things, by making irredeemable paper money receivable in payment of public dues, a temporary check to a wise and salutary policy will in all probability, be converted into absolute destruction.

It is true that bank notes actually convertible into specie may be received in payment of the revenue, without being liable to all these objections, and that such a course may, to some extent, promote individual convenience; and subject always to be considered where it does not conflict with the principles of our Government, or the general welfare of the country. If such notes only were received, and always under circumstances allowing their early presentation for payment; and if, in short and fixed periods, they were converted into specie, to be kept by the officers of the Treasury some of the most serious obstacles to their recollections would perhaps be removed. To retain notes in the Treasury would be to renew under another form, the loans of public money to the banks and the evils consequent thereon.

It is however a mistaken impression that a large amount of specie is required in public payments. Of the seventy or eighty millions now estimated to be in the country, ten millions would be abundantly sufficient for that purpose, provided an accumulation of a large amount of revenue beyond the wants of the Government, be hereafter prevented. If to these considerations be added the facilities which will arise from enabling the Treasury to satisfy the public creditors, by its drafts or notes received in payment of the public dues, it may be safely assumed that no revenue of consequence will