

VANDALIA WHIG,

AND ILLINOIS INTELLIGENCER.

NEW SERIES. VOL. II.—NO XLVI.

THURSDAY, APRIL 24, 1834.

BY S. C. SHERMAN.

TERMS.

THE WHIG AND INTELLIGENCER is published every Thursday, at TWO DOLLARS AND FIFTY CENTS in advance—THREE DOLLARS AND FIFTY CENTS at the expiration of the year.

No subscription received for less than six months; and no paper discontinued, except at the discretion of the Editor, until all arrearages are paid.

ADVERTISING.—One dollar per square for the first insertion—thirty-seven and a half cents for each subsequent insertion.

POLITICAL.

REPORT.

Of the minority of the committee of Ways and Means, on the removal of the deposits. Submitted March 4, 1834—by Mr. BINNEY, to the House of Representatives.

[CONTINUED.]

IV. The secretary's communication admits that the public moneys were safe in the bank, and that in the transfer of them from place to place, and in the performance of every duty to the treasury, which the law requires, there was no ground of complaint whatever against the bank. These facts are admitted, because, in a communication which accumulates all the reasons which have governed the secretary, there is no suggestion of danger to the public moneys, or of infidelity in the transfer of them.

V. The causes which the secretary has assigned for the removal of the deposits, might, therefore, if the preceding propositions are true, be generally rejected as insufficient and illegal, since they do not come within the only description of causes which the minority hold to be adequate.—They are, however, deemed to be particularly and specially inadequate, and most of them for reasons which are independent of any of the preceding propositions.—Such of them as do not involve any disputed facts, are inadequate in law. Those which depend upon such matters of fact, are inadequate in law, and also in point of proof. All of them which accuse the bank of violation of charter, and claim to proceed upon that ground, are themselves in flagrant violation of the charter, and of the constitution of the union, which entitles the bank before the submission of any penalty whatever, to an impartial sentence of the judicial department. Upon these reasons, the undersigned proceed to submit the following remarks:

At the head of the secretary's reasons, is placed the expiration of the charter and corporate powers of the bank, on the 3d of March, 1834. This is a reason which congress by the clearest implication in the charter have declared to be insufficient.

1. By the 15th section, congress have exacted of the bank, whenever required by the secretary of the treasury, to give the necessary facilities for transferring the public funds from place to place within the United States, or the territories thereof, and for distributing the same in payment of the public creditors, during the continuance of the act; and also to do and perform the several and respective duties of commissioners of loans, whenever required by law, which requisition was made in terms of unlimited continuance, that is to say, for the whole period of the charter, by the act of 3d March, 1817. These provisions of law are in irreconcilable hostility with the notion that, for the mere lapse of time, congress authorized the secretary to remove the public moneys from the bank two years and more before the charter would expire. The bank cannot give facilities for transferring and distributing the public funds throughout the United States, in payment of the public creditors, without having the funds in her possession to transfer and distribute. The duty is for the whole period of the charter. The possession is implied for the same period. Whatever may be the discretion of the secretary as to other causes, he has no discretion to remove the deposits for the mere lapse of time, since the 15th section secured to the public, for the whole time of the charter, the performance of the duty by the bank.

2. This cause has not, and never had any contingency about it, nor is the removal on account of it, a remedy for an unexpected evil. If there is any evil in permitting the deposits to remain in the bank until the expiration of the charter, congress knew that the evil would occur, unless they should guard against it and yet they did not guard against it, but gave the bank a right to the deposits for the whole time, and received from the bank a compensation proportioned to that time.

3. The cause is not well founded in point of fact. The charter does not expire on the 3d of March, 1834. Certain of the facilities of the corporation will expire at that time, and certain of them will not; and the very facilities which will not expire are those whose cessation would alone give color to the removal, upon the ground of time. The facility of retaining the public and private deposits, and paying them in such portions as may be required, will continue after the 3d of March 1834, in as much rigor as before. The bank will continue for two years after that time to be a corporation for the purpose of

holding and paying deposits, and of owing and paying her bank notes in circulation; and what other corporate facilities concern the security of the public treasury?

4. This cause is founded, moreover, upon an assumption that it would be the height of extravagance to suppose it was contemplated by the congress which incorporated the bank. The secretary supposes that the charter "in many of its provisions, is not warranted by the constitution, and that such a powerful monopolized monopoly is dangerous to the liberties of the people, and to the purity of our political institutions;" and that he is required to act upon the mere lapse of time, because he has no right to assume that an unconstitutional law, and a law dangerous to the liberties of the people, will be renewed.—But it seems to have been forgotten that the question of removal is not the question of renewal, but a question of the interpretation of the charter; and, if this is the true question, can it be seriously alleged that the congress which passed this law meant to include among the sufficient causes of removal, one that depended on the assumption that the charter was against the constitution? Had the charter contained an express stipulation that it never should be renewed, instead of its following as a consequence that the bank ought not to enjoy the privileges and benefits promised her up to the last moment of her existence, the contrary would have followed, because the bank could not have an indemnity for the wrong in the terms of a subsequent charter.

5. It is attempted to sustain the propriety of the removal for this cause, upon the further ground, that the question of renewal has been decided adversely to the bank by last election of the president. But what part of the charter, or of any law of congress, authorizes the secretary to communicate such a reason to the house? Where is the warrant for the secretary's instructing congress as to the decision of the people upon a matter of future legislation? By what channel does the secretary maintain an intercourse with the people that is not open to their representatives? How does the secretary know any thing as to the wishes of the people which the representatives of the people do not better know themselves? The communication of such a reason to the representatives of freemen, who are themselves freemen, is without a precedent in the history of this or any other representative government. The alleged fact is, moreover, an assumption, and a mere assumption, without proof, and without the means of proof. It is a political inference which the people of this country will never sustain, until they are prepared to say that the election of a president is not the result of a preference founded upon his general qualifications, opinions, and actions, but is an adoption and ratification of his single will to any extent that he has at any time declared it, and even when he may have declared it in contrary directions at different times.

6. Another suggestion by the secretary, in connection with the question of time, is the apprehension of danger to the deposits, by permitting them to remain in the bank until the expiration of the charter. The congress of 1816 were but a very few years removed from a parallel case in the history of our government, calculated to put to flight every such apprehension. They had at that time before them the closing transactions of the first bank of the United States. They had seen the first administration of Mr. Madison (and it was in his second term of office that the present bank was chartered) witnessed the continuance of the public deposits in that bank to the last moment of its existence. They had seen that the then secretary of the treasury, Mr. Gallatin who had been in office for ten years, and who had for twice ten years given the strength of his powerful mind to the investigations of finance, and of practical banking, had not directed a removal of the deposits from any apprehension of a final default in the bank. They had seen this, moreover, in the case of a bank whose corporate powers expired totally and absolutely on the 3d of March 1811, so that all subsequent operations were to be conducted by the machinery of a trust, and by no other means.—They had seen this bank expire with a circulation then flowing through the country greater than the maximum of its amount at any previous time, with the usual extent of deposits, public and private, in its vaults; with nearly all its canvas of every kind spread to the last hour of its voyage, and which the just and amicable relation subsisting between the administration and the bank made it safe to spread for the good of

the country. They had seen the trustees of that bank pay every dollar of its debts instantly upon demand; and finally, they had seen that demand so much behind the ability of the trustees to meet it, that its tardy approaches were quickened by repeated public notices to come in and relieve the trust, by presenting the notes for payment. And what did the congress of 1816 provide, or mean to provide, for the occurrence of the same day in the career of the present bank? Did they mean to provide for an apprehension which they knew to be chimerical? Did they mean to give occasion for actual apprehension and dismay, by authorizing the officer at the head of the treasury to declare that there was cause for them, and by his very declaration to create them? On the contrary, they negative all such fears and suppositions, by adding two years more to the corporate existence of the bank, for the very purpose of enabling it to liquidate its affairs after its banking powers were at an end.

The minority deem it expedient to add a summary statement of the condition of the first bank of the United States on the 1st March, 1811, two days before the expiration of its charter, and at two semi annual periods after the expiration, and to name the tables from which they are derived, that the benefit of the facts may avail hereafter, if unfortunately they are to be lost to the country for all purposes of present good.

On the 1st of January, 1811, the situation of the Bank was as follows:

Notes discounted and loans	\$17,759,001
Specie	5,317,885
Public deposits	6,474,402
Private deposits	3,855,492
Notes in circulation	6,070,153

On the 1st of March, 1811, the same items stood thus:

Notes discounted and loans	14,587,131
Specie	4,835,702
Public deposits	2,874,833
Private deposits	3,583,596
Notes in circulation	7,552,875

On the 1st of September, 1811, the same items stood thus:

Amount of discounts and loans	7,152,786
Specie	4,500,527
Public deposits	332,319
Private deposits	418,112
Notes in circulation	2,933,200

On the 1st of March, 1812, twelve months after the expiration of the charter:

Amount of discounts and loans	3,892,975
Specie	6,116,776
Public deposits	81,517
Private deposits	223,442
Notes in circulation	1,070,459

It is unnecessary to suggest the inferences to which these statements give rise. By advertising to the ratio which the capital of the first bank, ten millions of dollars, bears to thirty-five millions, the capital of the present bank, and by applying the same ratio to the liabilities and resources of the two banks, it will be easy to perceive whether the case of the first bank was, or was not, of a character to allay the alleged apprehensions of the secretary.

7. The remaining suggestion of the secretary, under the head of time, is the necessity or expediency of providing the country with a paper currency from the local banks, as a substitute for that of the bank of the United States.

The minority have understood the committee to say that they do not claim for the secretary a power to remove the deposits for the purpose of regulating the currency. The question is what the secretary has claimed for himself; and that there may be no misunderstanding about it, extracts from his letter are given, that it may be seen not only that the secretary has claimed this power, but that the effect upon the currency was the great public and political purpose of the whole operation. Nothing can be more distinctly and literally avowed. "It is obvious," the secretary says, "that the interests of the country would not be promoted by permitting the deposits of the public money to continue in the bank until its charter expired. Judging from the past, it is highly probable that they will always amount to several millions of dollars. It would evidently produce serious inconvenience, if such a large sum were left in possession of the bank until the last moment of its existence, and then be suddenly withdrawn, when its immense circulation is returning upon it to be redeemed, and its private depositors removing their funds into other institutions. The ability of the bank, under such circumstances, to be prompt in its payments to the government, may be well doubted, even if the ultimate safety of the deposits could be relied upon. Besides, the principal circulating medium now in the hands of the people, and the one most commonly used in the exchanges between distant places, consists of the notes of the bank of the United

States and its numerous branches. The sudden withdrawal of its present amount of circulation, or its sudden depreciation before any other sound currency was substituted for it, would certainly produce extensive evils, and be sensibly felt among all classes of society."

The secretary then adverts to the public agreement to receive the notes of the bank in payment of its dues, and proceeds as follows: "But this obligation on the part of the United States will cease on the third of March, 1836, when the charter expires; and so soon as this happens, all the outstanding notes of the bank will lose the peculiar value they now possess, and the notes payable at distant places become as much depreciated as the notes of local banks. And if in the mean time, no other currency is substituted in its place by common consent, it is easy to foresee the extent of the embarrassment which would be caused by the sudden derangement of the circulating medium. It would be too late at that time, to provide a substitute which would ward off the evil. The notes of the bank of the United States in circulation on the second of September last, which was the date of the latest return before me when the order for removal was given, amounted to \$18,413,287 07, scattered in every part of the United States; and if a safe and sound currency were immediately provided, on the termination of the charter, to take the place of these notes, it would still require time to bring it into general use, and in the interim the people would be subjected to all the inconvenience and losses which necessarily arise from an unsound state of the currency. The evil would be so great, and the distress so general, that it might even compel congress, against its wishes, to recharter the bank; and perhaps more effectual means could hardly be devised for ensuring the renewal of the charter. It is evident that a state of things so much to be deprecated can only be avoided by timely preparation; and the continuance of the deposits can only be justified by the determination to renew the charter. The state banks can, I have no doubt, furnish a general circulating medium, quite as uniform in value as that which has been afforded by the bank of the United States—probably more so. For it is well known that, in some of the cities, the branches of the bank have been in the habit, whenever they thought proper, of refusing to honor the notes of their own bank, payable at other branches, when they were not offered in discharge of a debt due to the United States. But a currency founded on the notes of state banks could not be suddenly substituted for that heretofore furnished by the bank of the United States, and take the place of it, at the same moment, in every part of the Union. It is essential that the change should be gradual, and sufficient time should be allowed to suffer it to make its way by the ordinary operations of commerce, without requiring a hasty and violent effort.

"In this view of the subject it would be highly injudicious to suffer the deposits to remain in the bank of the United States until the close of its corporate existence. And as they cannot be withdrawn without the action of the secretary of the treasury, it must unavoidably become his duty, at some period of time, to exercise the power of removal."

These are literal extracts from the secretary's letter, and no one who reads them can doubt that the secretary claims the right to regulate the currency, and that he meant to force one kind of currency out, and by means of the state banks, to force another kind of currency into use. Can any one who has read his letter, doubt that, if this power is denied by the committee, they deny the whole cause of the secretary? The lever he has undertaken to use, is one which not only cannot be used without changing the currency, but the secretary has used it for the express determinate purpose of producing the change. But to proceed with the reason itself:

The value of the measure, as an operation of finance, to expel one currency, and to introduce a better, is already tested, in the short time which has elapsed since the order of removal.—The discounts of the bank have been partially reduced, yet the circulation of the bank, instead of being diminished, has increased. The local bank paper, except for local purposes, has generally depreciated, and the paper of the bank of the United States is at par in all places except where it is above par. But without advert further to the incompetency of the means proposed to attain the end, it is an imputation upon the congress of 1816 to say they intended to authorize the secretary of the treasury to use any means whatever for the attainment of such an end. The avowed purpose of the secretary is to change the currency of the country, and to change it during the very time in which congress have made a different provision in regard to it. The purpose is to be effected by compelling the bank of the United States to cease lending, and by enabling the deposit banks to lend; by

compelling it to cease circulating bank notes, and enabling the others to circulate them more extensively. In fine, by compelling them all to give him indirectly the management of banks, without any law to warrant it, and to surrender themselves, contrary to the laws by which they are exclusively entitled to it. A power to do this no congress could lawfully give to a secretary of the treasury, and no congress therefore should be presumed to have given it.—It is a delegation of the highest powers of legislation, under the form of ministerial agency. If there is any legislative power which demands more circumspection in its use than any other, it is that of regulating the currency. The currency is the measure of value of every man's property, of his contracts, of indemnity for the breach of them, and of the revenue of the country; and without a due adjustment of it, it is a hopeless effort to distribute in equal proportion among the citizens either the burdens or advantages of civil society.

A deranged currency deranges every institution of the country that has any relation to property. It makes laws, promises, the verdicts of justice, and the judgments of courts, speak unintentionally the language of falsehood or deceit.—It gives a premium to fraud, and strips honest labor of its scanty earnings, by paying to it half of its just recompense in the false and counterfeit name of the whole. Yet this power the secretary of treasury claims to exercise, by delegation from the representatives of the people, and he has proceeded to the exercise of it, with consequences which are now spreading in a wave of destruction over the whole country. The secretary claims the power to remove the public deposits from the bank, if in any degree it tends to promote the convenience of the people, that is to say, if it so tends in his opinion; and his opinion, with this mighty lever of the public revenue, is, consequently, to sway the universal interests of this immense people. And what are the direct evidences that congress meant to give secretary of the treasury any such power? He is not by law entrusted with the custody of a single dollar of the public treasure. His hands do not legally receive it, and cannot legally hold it. His duty is to prepare plans for the management and improvement of the revenue, to prepare estimates of the revenue and expenditures, to superintend the collection of the revenue, to decide on the forms of keeping and stating accounts, and to grant warrants in pursuance of appropriations by law.—The notes of the bank of the United States, against which this battery is directed, he is bound by law to protect, by requiring all public collectors to receive them in all payments to the United States. The stock of the nation in the bank of United States he cannot sell, nor separate their interest, to the extent of seven millions, from that of the other stockholders of the bank.—The payment of the interest and principal of the public debt must be made by and through the bank, as commissioners of loans. The military pensions must be paid through the same channel.—And thus, while several permanent laws of congress, without any limitation in point of time, sustain the circulation of the bank, the relations between the bank and the treasury, and the control thus obtained over the currency of the country, the secretary of the treasury, under a provisional clause in the bank charter, to order that the deposits of the public moneys shall not be made there, claims the authority to break up the present system, and to substitute another, for regulating the currency and property of twenty-four states and thirteen millions of people. The minority do not believe that a like attempt has ever before been made, with or without authority, and all present indications are inconceivably deceptive, if the result shall not afford a memorable warning against the like attempt again.

The secretary's plan is now called an experiment. The name is adopted, because it would seem only to defer, and not absolutely to destroy, the hope of ultimate safety. It is adopted, because it would seem to make those who prosecute it responsible for less because they promise less. But the change of name changes neither the thing nor the responsibility for it. If it be an experiment, what law, what principle of our civil associations, authorizes the treasury department to try such an experiment? What security does government afford to the property of the citizens, if the treasury may try experiments with it? If it be an experiment, what authorized its trial in a day of unusual prosperity, and when the only rational prayer to the civil ruler was "let us alone?" What justifies its continuance, when the first test that has been cast into the crucible with the precious materials of human happiness, has nearly decomposed them all, and threatens to convert them into poisons that will corrode and canker the country to its very heart? It is no longer an experiment. It has been tried, exposed, and ought to be rejected. It is no longer an experiment to try whether life can be supported without vital air, or the laborer and his children without daily bread.

If it should finally happen in the progress of the experiment, that a currency is created such as the secretary anticipates, what is that currency to be to the country, and what is the country to be by means of it? This question may be answered by our own history, as it might be answered without the aid of history. It is not to be a national currency, nor a currency partly local, and partly national, maintained every where in the condition of equality, by a universally pervading influence, but it is to be a variety of local currencies, subject to local influence only. The state banks and the state banks only, are to furnish it. They are to furnish it under the patronage of the treasury, and with a full knowledge of the maxims which have been quoted by the committee, "that the borrower is the servant of the lender," and that "he who controls a bank, controls the debtors of a bank," maxims which will be found to lose none of their force when state banks shall feel the effect of their position as borrowers of the treasury, and debtors shall feel it also as borrowers of state banks that are under the control of the treasury.

It will be a currency wholly removed from that restraint which a national institution is alone capable of imposing in all parts of the union, that is to say, free from all banking restraint whatever; for, practically, there can be no restraint where there is no general and pervading power to enforce it. In some, perhaps in several, of the untrammelled and independent state banks, banking will be conducted upon judicious principles so far as it regards their own operations; and their own local currency may continue for a time locally sound. But where shall be the controlling cause that shall secure this result, where the principles of banking are unsound, and where the desire of large profits shall tempt state banks to extend their issues beyond that measure which experience has ascertained to be the only safe and accurate measure? Where is to be found the universal presence of a test that will instantly detect excess, and lead to its detection? That test is to be found in a national paper, based upon the precious metals, sustained by the law of the whole land, received in payment of all public dues, circulating every where, and furnishing a standard of comparison every where. Where again is to be found the necessity, as well as the power, of applying the corrective? This corrective is to be found in an institution which issues that national paper, and which, in self-defence, and in defence of the nation also, must repress the circulation of every bank that does not provide it with the means of disbursing the public treasure in all parts of the United States. The paper that is really sound, will be as good as its own, and will be received as such, and may circulate as such. But if the paper of any one of the state banks is not as good as its own, such an institution cannot receive it, because it cannot account for it every where to government, in an equal amount of its own paper or specie. If it cannot be received by the national institution, it must return to those who issue it, and the corrective is at once applied.

The system of local banks, of which those to be employed by the treasury are to form a part, is, therefore, defective in this, that their circulation will be local. They will be constantly endeavoring, at least in a great many cases, to send out their paper to excess, and there cannot be a regular application of the corrective, that will as constantly prevent it. It may be repressed in some instances, in an irregular way, by sound state banks; it may also be partially repressed by demands from other states; but the effort to do it regularly, will be without inducement, and will not be sustained by the requisite ability. Excess will creep upon the country until it is universally diffused; and when an acci-

[Continued on fourth page.]