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MR. CLAY'S SPEECH.

Concluded from the Gazette of last week.

I proceed to another point of powerful evidence, in the conduct of Mr. Van Buren, in respect to the famous Treasury order. That order had been promulgated, originally, in defiance of the wishes and will of the people, and had been repealed by a bill passed at the last ordinary session of Congress, by overwhelming majorities. The fate of that bill is well known. Instead of being returned to the House in which it originated, according to the requirement of the constitution, it was sent to one of the pigeon-holes of the department of State, to be filed away with an opinion of a convenient Attorney General, always ready to prepare one in support of executive encroachment. On the 5th of March last, not a doubt was entertained, as far as my knowledge or belief extends, that Mr. Van Buren would rescind the obnoxious order. I appeal to the Senator from Missouri, who sits near me, [Mr. Linn,] to the Senator from Mississippi who sits farthest from me, [Mr. Walker,] to the Senator from Alabama, [Mr. Kibb,] and to the whole of the administration Senators, if such was not the expectation of all of them. Was there ever an occasion in which a new administration had so fine an opportunity to signalize its commencement by an act of grace and wisdom, demanded by the best interests and most anxious wishes of the people? But Mr. Van Buren did not think proper to embrace it. He had shared too largely in the confidence of his predecessor, agreed too fully with him in his sentiments, had been too much united with him in his councils, to rescind an order which constituted so essential a part of the system which had been deliberately adopted to overthrow the State banks.

Another course pursued by the administration, after the catastrophe of the suspension of specie payments, by the banks, demonstrates the hostile purpose toward them of the present administration. When a similar event had occurred during the administration of Mr. Adams, did he discredit and discountenance the issues of the bank, by refusing to receive them in payment of the public dues? Did the State Governments, upon the former or the latter occasion, refuse to receive them in payment of the dues to them respectively? And if irredeemable bank notes are good enough for the State Governments and the people, are they not good enough for the Federal Government of the same people? By exacting specie, in all payments to the General Government, that Government presented itself in the market as a powerful and formidable competitor with the banks, demanding specie at a moment when the banks were making example struggles to strengthen themselves and prepare for the resumption of specie payments. The extent of this Government demand for specie does not admit of exact ascertainment, but when we reflect that the annual expenditure of the Government were at the rate, including the Post Office Department, of about thirty-three millions of Dollars, and that its income, made up either of taxes or loans, must be an equal sum, making together an aggregate of sixty-six millions, it will be seen that the amount of specie required for the use of Government must be immensely large. It cannot be precisely determined, but would not be less probably than fifteen or twenty million of dollars per annum. Now how is it possible for the banks, coming into the specie market in competition with all the vast power and influence of the Government, to provide themselves with specie in a reasonable time to resume specie payments? That competition would have been avoided, if upon the stoppage of the banks, the notes of those whose solvency there was no doubt, had been continued to be received in payment of the public dues, as was done in Mr. Madison's administration. And why Mr. President, should they not have been? Why should not this government receive the same description of medium which is found to answer all the purposes of the several State Governments? Why should they have restored to the expedient of issuing an inferior paper medium, and refusing to receive the better notes of safe and solid banks? Do not misunderstand me, Mr. President. No man is more adverse than I am to a permanent inconvertible paper medium. It would have been a temporary measure only that I should have thought it expedient to receive the notes of good local banks. If, along with that measure, the Treasury order had been repealed, and other measures adopted to encourage and coerce the resumption of specie payments, we should have been much nearer that desirable event than I fear we now are. Indeed, I do not see when it is possible for the banks to resume specie payments, as long as the Government is in the field, making war upon them, and the market demanding specie.

Another conclusive evidence of the hostility to the State banks, on the part of Mr. Van Buren, is to be found in that extraordinary recommendation of a bankrupt law contained in his message at the extra session. According to all the principles of any bankrupt system with which I am acquainted, the banks by the stoppage of specie payment, had rendered themselves liable to its operation. If the recommended law had

been passed, commissions of bankruptcy could have been immediately sued out against all the suspended banks, their assets seized, and the administration of them transferred from the several corporations to which it is now entrusted to commissioners appointed by the president himself. Thus, by one blow, would the whole of the State banks have been completely prostrated, and the way cleared for the introduction of the favorite Treasury bank, and is it not in the same spirit of unfriendliness to those banks, and with the same view of removing all obstacles to the establishment of a Government bank, that the bill was presented to the senate a few days ago by the Senator from Tennessee [Mr. Grundy] against the circulation of the notes of the old Bank of the United States? At a time when there is too much want of confidence, and when every thing that can be done should be done to revive and strengthen it, we are called upon to pass a law denouncing the heaviest penalties and ignominious punishment against all who shall re-issue the notes of the old Bank of the United States, of which we are told that about 7 millions of Dollars are in circulation; and they constitute the best portion of the paper medium of the country; the only portion of it which has a credit every where, and which serves the purpose of general circulation; the only portion with which a man can travel from one end of the continent to the other, and I do not doubt that the Senator who has introduced these severe pains and penalties against the best part of our paper medium provides himself with a sufficient amount of it, whenever he leaves Nashville, to take him to Washington. [Here Mr. Grundy rose and remarked: No sir! I always travel on specie.] Ah! continued Mr. Clay, my old friend is always a speculator. I am quite sure that members from a distance in the interior generally find it indispensable to supply themselves, on commencing their journey, with an adequate amount of those identical notes to defray his expenses. Why, sir, will any man in his senses deny that those notes are far better than those which have been issued by that Government banker, Mr. Levi Woodbury, aided though he be by the chancellor of the exchequer, [I beg his pardon, I mean the ex-chancellor,] the Senator from New York, [Mr. Wright,] I am not going to stop here to inquire into the strict legality of the re-issue of those notes; that question, together with the power of the Government to pass the proposed bill, will be taken up when it is considered. I am looking into the motive of such a measure. No body doubts the perfect safety of the notes; no one can believe that they will not be fairly and fully paid. What, then, is the design of the bill? It is to assail the only safe general medium which the people possess. It is because it may come in competition with Treasury notes or other Government paper. Sir, if the bill had not been proposed by my old friend from Tennessee, I would say its author better deserved a penitentiary punishment than those against whom it is directed. I remember to have heard of an illustrious individual, now in retirement, having, on some occasion, burst out into the most patriotic indignation, because of a waggish trick played off upon him, by putting a note of the late Bank of the United States into his silk purse with his gold.

But it is unnecessary to dwell longer on the innumerable proofs, of the hostility against the State banks, and the deliberate purpose of those in power to overthrow them. We hear and see daily, throughout the country, among their partisans and presses, denunciations against banks, corporations, rag barons, the spirit of monopoly, &c.; and the howl for gold and hard money, and the constitutional currency; and no one can listen to the speeches of the honorable members, friends of the administration, in this house and the other, without being impressed with a perfect conviction that the destruction of the State banks is meditated.

I have fulfilled my promise Mr. President, to sustain the first four propositions with which I sat out. I now proceed to the fifth proposition.

5. That the bill under consideration is intended to execute Mr. Van Buren's pledge, to complete and perfect the principles, plans, and policy, of the past administration, by establishing, upon the ruins of the late Bank of the United States, and the State banks, a Government bank, to be managed and controlled by the Treasury Department, acting under the commands of the President of the United States.

The first impression made by the perusal of the bill is the prodigious and boundless discretion which it grants to the Secretary of the Treasury, irreconcilable with the genius of our free institutions, and contrary to the former cautious practice of the Government. As originally reported, he was authorized by the bill to allow any number of clerks he thought proper to the various receivers general, and to fix their salaries. It will be borne in mind that this is the mere commencement of a system; and it cannot be doubted that, if put into operation, the number of receivers general and other depositaries of the public money would be indefinitely multiplied. He is allowed to appoint as many examiners of the public money, and to fix their salaries, as he pleases; he

is allowed to erect at pleasure costly buildings; there is no estimate for any thing; and all who are conversant with the operations of the executive branch of the Government know the value and importance of previous estimates. There is no other check upon wasteful expenditures but previous estimates; and that was a point always particularly insisted upon by Mr. Jefferson. The Senate will recollect that, a few days ago, when the salary of the receiver general at New York was fixed, the chairman of the Committee of Finance rose in his place and stated that it was suggested by the Secretary of the Treasury that it should be placed at \$3,000; and the bank was accordingly so fixed. There was no statement of the nature or extent of the duties to be performed, of the time that he would be occupied, of the extent of his responsibility, or the expense of living at the several points where they were to be located; nothing but the suggestion of the Secretary of the Treasury, and that was deemed all-sufficient by a majority. There is no limit upon the appropriation which is made to carry into effect the bill, contrary to all former usage, which invariably prescribed a sum not to be transcended.

A most remarkable feature in the bill is that to which I have already called the attention of the Senate, and of which no satisfactory explanation has been given. It is that which proceeds upon the idea that the Treasury is a thing distinct from the treasury of the United States, and gives to the Treasury a local habitation and a name, in the new building which is being erected for the Treasury Department in the city of Washington. In the Treasury, so constituted, is to be placed that portion of the public revenue which is gleaned from the District of Columbia. All else, that is to say, nine hundred and ninety-nine hundredths of the public revenue of the United States, is to be placed in the hands of the receivers general, and the other depositaries beyond the District of Columbia. Now, the constitution of the United States provides that no money shall be drawn from the public Treasury but in virtue of a previous appropriation by law. That trifling portion of it, therefore, which is within the District of Columbia, will be under the safeguard of the constitution, and all else will be at the arbitrary disposal of the Secretary of the Treasury.

It was deemed necessary, no doubt, to vest in the Secretary of the Treasury this vast and alarming discretionary power. A new and immense Government bank is about to be erected. How it would work in all its parts could not be anticipated with certainty; and it was thought proper, therefore, to bestow a discretion commensurate with its novelty and complexity, and adopted to any exigencies which might arise. The 10th section of the bill is that in which the power to create a bank is more particularly conferred. It is short, and I will read it to the Senate.

"Sec. 10. And be it further enacted, That it shall be lawful for the Secretary of the Treasury to transfer the moneys in the hands of any depositary hereby constituted, to the Treasury of the United States; to the Mint at Philadelphia; to the Branch Mint at New Orleans; or to the offices of either of the receivers general of public moneys, by this act directed to be appointed; to be there safely kept, according to the provisions of this act; and also to transfer moneys in the hands of any one depositary constituted by this act to any other depositary constituted by the same, at his discretion, and the safety of the public moneys, and the convenience of the public service, shall serve him to require. And for the purpose of payments on the public account, it shall be lawful for the said Secretary to draw upon any of the said depositaries, as he may think most conducive to the public interests, or to the convenience of the public creditors, or both."

It will be seen that it grants a power, perfectly undefined, to the Secretary of the Treasury, to shift and transfer the public money, from depositary to depositary, as he pleases. He is expressly authorized to transfer moneys in the hands of any one depositary, constituted by the act, to any other depositary constituted by it, at his discretion and as the safety of the public moneys, and the convenience of the public service shall seem to him to require. There is no specification of any contingency or contingencies on which he is to act. All is left to his discretion. He is to judge when the public service (and more indefinite terms could not have been employed) shall seem to him to require it. It has been said that this is nothing more than the customary power of transfer, exercised by the Treasury Department from the origin of the Government. I deny it; utterly deny it. It is a totally different power from that which was exercised by the cautious Gallatin, and other Secretaries of the Treasury—a power, by the bye, which, on more than one occasion, has been controverted, and which is infinitely more questionable than the power to establish a Bank of the United States. The transfer was made by them rarely, in large sums, and were left to the banks to remit.—When payments were made, they were effected in the notes of banks with which the public money was deposited, or to which it was transferred. The rates of exchange were

regulated by the state of the market, and under the responsibility of the banks.—But here is a power given to transfer the public moneys without limit, as to sum, place, or time, leaving everything to the discretion of the Secretary of the Treasury, receivers general, and other depositaries. What a scope is allowed in the fixation of the rates of exchange, whether of premium or discount, to regulate the whole domestic exchanges, of the country, to exercise favoritism? These former transfers were not made for disbursement, but as preparatory to disbursement; and when disbursed, it was generally in bank notes. The transfers of this bill are immediate payments, and payments made not in bank notes, but specie.

The last paragraph in the section provides that, for the purpose of payments on the public account, it shall be lawful for the Secretary to draw upon any of the said depositaries, as he may think most conducive to the public interest, or to the convenience of the public creditors, or both. It will be seen that no limit whatever is imposed upon the amount or form of the draft, or as to the depositary upon which it is drawn. He is made the exclusive judge of what is "most conducive to the public interest." Now, let us pause a moment, and trace the operation of the powers thus vested. The Government has a revenue of from twenty to thirty millions. The Secretary may draw it to any one or more points, as he pleases. More than a moiety of the revenue arising from the customs is receivable at the port of New York, to which point the Secretary may draw all portions of it, if he think it conducive to the public interest. A man has to receive, under an appropriation law, \$10,000, and applies to Mr. Secretary for payment. Where will you receive it? he is asked. On N. York. How? In drafts from \$5 to \$500. Mr. Secretary will give him these drafts accordingly, upon bank note paper, impressed like a simulating bank notes having all suitable embossing, signed by my friend the Treasurer, (whose excellent practical sense, and solid and sound judgment, if he had been at the head of the Treasury, instead of Mr. Levi Woodbury, when the suspension of specie payments took place, would have relieved or mitigated the pecuniary embarrassments of the Government and the people,) countersigned by the Comptroller, and filled up in the usual way of bank notes. Here is one of them, said Mr. Clay. [He here held up to the gaze of the Senate, a Treasury note, having all the appearance of a bank note colored, engraved, and executed like any other bank note, for \$50.] This continued Mr. Clay, is a Government post note, put into circulation, paid out as money, and prepared and sent forth, gradually, to accustom the people of this country to government paper.

I have supposed \$10,000 to be received in the mode stated by a person entitled to receive it under an appropriation law. Now, let us suppose what he will do with it. Any where to the South of West it will command a premium of from two to five per cent. Nowhere in the United States will it be under par. Do you suppose that the holder of these drafts would be fool enough to convert them into specie, to be carried and transported at his risk? Do you think that he would prefer that his money should be in the responsible custody of the Government, rather than in his own insecure keeping?

Do you think he will deny to himself the opportunity of realizing the premium of which he may be perfectly sure? The greatest want of the country is a medium of general circulation, and of uniform value everywhere. That, especially, is our want in the western and interior States. Now, here is exactly such a medium, and, supposing the Government bank to be honestly and faithfully administered, it will during such an administration, be the best convertible paper money in the world, for two reasons: The first is, that every dollar of paper will be the representative of a dollar of specie in the hands of the receivers general, or other depositaries; and secondly, if the receivers general should embezzle the public money, the responsibility of the Government to pay the drafts issued upon the basis of that money would remain unimpaired. The paper, therefore, would be as far superior to the paper of any private corporation as the ability and resources of the Government of the United States are superior to those of such corporations.

The banking capacity may be divided into three faculties: deposits, discount of bills of exchange, and promissory notes or either, and circulation. This Government bank would combine them all, except that it will not discount private notes, nor receive private deposits. In payments for the public lands, indeed, individuals are allowed to make deposits, and to receive certificates of their amount. To guard against their negotiability, a clause has been introduced to render them unassignable. But how will it be possible to maintain such an inconvenient restriction, in a country where every description of paper importing an obligation to pay money or deliver property is assignable, at law or in equity, from the commercial nature and trading character of our people?

Of all the faculties which I have stated of a bank, that which creates a circulation is the most important to the community

at large. It is that in which thousands may be interested, who never obtained a discount, or made a deposit with a bank. Whatever a Government agrees to receive in payment of the public dues is a medium of circulation, is money, current money, no matter what its form may be. Treasury notes, drafts drawn at Washington, by the Treasurer or receiver general at New York, or to use the language employed in various parts of this bill, "such notes, bills or paper, issued under the authority of the United States. These various provisions were probably inserted not only to cover the cause of the Treasury notes, but that of these drafts in due season. But if there were no expressed provision of law, that these drafts should be receivable in payment of public dues, they would, necessarily be so employed, from their own intrinsic value.

The want of the community of a general circulation of uniform value every where in the United States would occasion vast amounts of the specie of draft which I have described to remain in circulation. The appropriations this year will probably fall not much short of thirty millions. Thirty millions of Treasury drafts on receivers general of every denomination, and to any amount, may be issued by the Secretary of the Treasury. What amount would remain in circulation cannot be determined *a priori*, I suppose not less than ten or fifteen millions; at the end of another year ten or fifteen millions more, they would fill all the channels of circulation. The war between the Government and State banks continuing, and this mammoth Government bank being in the market, constantly demanding specie for its varied and ramified operations, confidence would be lost in the notes of the local banks, their paper would gradually cease to circulate, and the banks themselves would be crippled and broken. The paper of the Government bank would ultimately fill the vacuum, as it would instantly occupy the place of the notes of the late Bank of the United States.

I am aware, Mr. President, that by the 25th section of the bill, in order to disguise the purpose of the vast machinery which we are about constructing, it is provided that it shall be the duty of the Secretary of the Treasury to issue and publish regulations to enforce the speedy presentation of all government drafts for payment at the place where payable. &c. Now what a tremendous power is here vested in the Secretary! He is to prescribe rules and regulations to enforce the speedy presentation of all Government drafts at the place where payable. The speedy presentation! In the case I have supposed, a man has his \$10,000 in drafts on the receiver general at New York. The Secretary is empowered to enact regulations requiring him speedily to present them, and if he do not, the Secretary may order them to be paid at St. Louis. At New York they may be worth a premium of five per cent; on St. Louis they may be liable to a discount of five per cent. Now in a free Government, who would ever think of subjecting the property or money of a citizen to the exercise of such a power by any secretary of the Treasury? What opportunity does it not afford to ward a partisan or punish an opponent? It will be impossible to maintain such an abuse and needless restriction for any length of time. Why should the debtor (as the Government would be in the case of such drafts as I have supposed) require his creditor (as the holder of the draft would be) to apply within a prescribed time for his payment? No, sir, the system would control you; you could not so control the system. But if such a ridiculous restriction could be continued, the drafts would, nevertheless, whilst they were out, be the true long or short, perform the office of circulation and money.

Let us trace a little further the operation of this Government bank, and follow it out to its final explosion. I have supposed the appropriation of some thirty millions of dollars annually by the Government, to be disbursed in the form of drafts issued at Washington by the Treasury Department, upon the depositaries.—Of that amount, some ten or fifteen millions would remain, the first year, in circulation at the end of another year, a similar amount would continue in circulation; and so on, from year to year, until at the end of series of some five or six years there would be in circulation to supply the indispensable wants of commerce and of a general medium of uniform value, not less than some sixty or eighty millions of drafts issued by the Government.—These drafts would be generally upon the receiver general at New York, because on that point, they would be preferred, and they would command a premium, or be at par, throughout the whole extent of the United States; and we have seen that the Secretary of the Treasury is invested with ample authority to concentrate at that point the whole revenue of the United States.

All experience has demonstrated that in banking operations a much larger amount of paper can be kept out in circulation than the specie which it is necessary to return in the vaults to meet it when presented for payment. The proportions which the same experience has ascertained to be entirely safe are one of specie to three of paper. If, therefore, the Executive Government had sixty millions of Dollars accumulated at the port of New York in the hands of the receiver general, represented by sixty millions of Government drafts in circulation, it would be known that twenty of that sixty millions would be sufficient to retain to meet any amount of drafts which, in ordinary times would be presented for payment. There would then remain forty millions in the vaults idle and unproductive, and of which no practical use could be made. Well, a great election is at hand in the State of New York, the result of which will seal the fate of an existing administration. If the application of ten millions of that dormant capital could save, at some future day, a corrupt Executive from overthrow, can it be doubted that the ten millions would be applied to preserve it in power?

Again: let us suppose some great exigency to arise, a season of war, creating severe financial pressure and embarrassment. Would not an issue of paper, founded upon and exceeding the specie in the vaults in some such proportions as experience had demonstrated might be safely emitted, be authorized? Finally, the whole amount of specie might be exhausted, and then, as it is easier to engrave and issue bank notes than perform the unpopular office of imposing taxes and burdens, the discovery would be made that the credit of the Government was a sufficient basis whereupon to make emissions of paper money, to be redeemed when peace and prosperity returned.—Then we should have the days of continental money, and the assignats, restored! Then we should have that Government paper medium which the Senator from South Carolina, [Mr. Calhoun,] considers the most perfect of all currency!

Meantime, and during the progress of this vast Government machine, the State banks would be prostrated. Working well as it may, if honestly administered, in the first period of its existence, it will be utterly impossible for them to maintain it, even if the Government were actuated by no unfriendly feeling towards them. But when we know the spirit which animates the present Executive towards them, who can doubt that they must fall in the unequal contest? Their issues will be discredited and discontinued, and that system of bankruptcy which the President would even now put into operation against them, will, in the sequel, be passed and enforced without difficulty.

Assuming the downfall of the local banks, the inevitable consequence of this great Government bank; assuming, as I have shown would be the case, that the Government would monopolize the paper issues of the country, and obtain the possession of a great portion of the specie of the country, we should then behold a combined and concentrated moneyed power equal to that of all existing banks of the United States, with that of the late bank of the United States superadded.—This tremendous power would be wielded by the Secretary of the Treasury, acting under the immediate command of the President of the United States. Here would be a perfect union of the purse and sword; here would be no imaginary, but an actual, visible, tangible consolidation of the moneyed power. Who or what could withstand it? The States themselves would become suppliants at the feet of the Executive for a portion of those paper emissions, of the power to issue which they had been stripped, and which he now exclusively possessed.

Mr. President, my observation and experience have satisfied me that the safety of liberty and prosperity consists in the division of power, whether political or pecuniary. In our federative system, our security is to be found in that happy distribution of power which exists between the Federal Government & the State Governments. In our monetary system as it lately existed, its excellence resulted from that beautiful arrangement by which the States had their institutions for local purposes, and the General Government its institution for the more general purposes of the whole Union. There existed the greatest congeniality between all the parts of this admirable system. All was homogeneous. There was no separation of the Federal Government from the States or from the people. There was no attempt to execute practically that absurdity of sustaining, among the same people two different currencies of unequal value. And how admirably did the whole system, during the forty years of its existence, move and work! And on the two unfortunate occasions of its ceasing to exist, how quickly did the business and transactions of the country run into wild disorder and utter confusion.

Hitherto, I have considered this new project as it is, according to its true nature and character, and what it must inevitably become. I have not examined it as it is not, but as its friends would represent it to be. They hold out the idea that it is a simple contrivance to collect, to keep, and to disburse, the public revenue. In that view of it, every consideration of safety and security recommends the agency of responsible corporations, rather than the employment of particular individuals. It has been shown, during the course of this debate, that the amount which has been lost by the defalcation of individuals has exceeded three or four times the amount of all that has been lost by the local banks, although the sums confided to the care of individuals have not been probably one tenth part of the amount that has been in the custody of the local banks. And we all know that, during the forty years of existence of the two Banks of the United States, not one cent was lost of the public revenue.

I have been curious, Mr. President, to know whence this idea of receivers general was derived. It has been supposed to have been borrowed from France. It required all the power of that most extraordinary man that ever lived, Napoleon Bonaparte, when he was in his meridian greatness, to displace the farmers general, and to substitute in their place the receivers general. This new system would be applied to preserve it in power!

(Continued on fourth page.)