

# CONGRESSIONAL.

HOUSE OF REPRESENTATIVES—FEB. 28, 1832.

The following resolution presented by Mr. CLAYTON,

*Resolved,* That a select Committee be appointed to examine into the affairs of the Bank of the United States, with power to send for persons and papers, and to report the result of their enquiries to this House.

being under consideration:

Mr. CAMBRELENG said, it was not his intention to discuss the expediency or inexpediency of rechartering the Bank of the United States—he should reserve what he had to say on that question till the bill should be under discussion. Neither did he intend to examine the allegations recited by the gentleman from Georgia [Mr. Clayton,] against the Bank—he should not make any decision upon them, till the evidence asked for by the resolution was before the House. He rose, however, to express his surprise that any gentleman, friendly or otherwise, to the Bank of the United States, should resist a mere resolution to inquire into its affairs. Whether the allegations were well founded or not, was not the question—they should be met promptly, and none should desire the investigation more than the friends of the Bank—It was due to the purity of the institution to vindicate its officers, at least from the charge of subsidizing the press. Gentlemen must pardon him—he certainly meant no disrespect

—but he could not but notice the contrast between the present and a late occasion—when the private character of a subordinate officer of the government was before the House—when the Second Auditor was hunted from day to day there was no difficulty, even in a case, of questionable jurisdiction, in referring his conduct and character to a committee with power to send for persons and papers—but, Sir, when the honorable gentleman from Georgia rises in this House to exercise his constitutional right to demand an investigation into the affairs of an institution, upon whose good or bad conduct depend the happiness and wealth of millions—when he rises in behalf of an equal portion of this House to ask for a committee of enquiry, gentlemen are in arms—the affairs of the Bank are not to be enquired into—not a “feather of its” prerogative

is to be touched." Sir, said Mr. C. I have too much respect for this House to believe that it can tolerate any such sentiment, or refuse the enquiry asked for. Gentleman have insinuated that the resolution is now brought forward to defeat the bill at the present session. Sir, they do injustice to the gentleman from Georgia. He could not without a want of courtesy to the Committee of Ways and Means offer his resolution till that Committee had discharged the duty assigned them by the House. But Sir, if there is delay in this matter, surely the advocates of the Bank cannot charge it to those who oppose it. They asked at an early period of the session for a Select Committee that the affairs of the Bank might be thoroughly examined—it was refused—they expected that the Committee on Ways and Means would have imitated

the example of the Committee in the Senate, and have asked the power to send for persons and papers—they have not done so—surely then, Sir, the gentleman from Georgia cannot be blamed for taking the most proper occasion to ask for a thorough examination of the affairs of the Bank—an examination which should be demanded by this House before they are called upon to decide upon the question of continuing its charter. It was a right which had been conceded on former occasions—it was the course actually and properly pursued by the Senate—and we have three months of the session still before us to act upon the enquiries which might be submitted to the Committee. If, as was apprehended by some, there was not time to act upon them—the question was always within the control of a majority of the House.

The gentleman from South Carolina [Mr. McDuffie,] has referred to the Bank orders—I care not what shape the notes of the Bank may appear in—but the gentleman from South Carolina must pardon me for reminding him that he has admitted the misconduct of the Bank by the amendment, he has proposed to the charter, relating to these orders. I do not dispute the right of the Bank to issue bills of exchange, or checks of any denomination—but, Sir, these substitutes for small bank notes are in violation of the spirit of one of the provisions of the charter, which this House through its Committee acted upon some years since. The Bank petitioned that the President should be relieved from the laborious du-

ty of signing notes of a small denomination, and that they should be signed by one or more officers of the Parent Bank. The Committee reported favorable, I believe on this point, as an unimportant one; but the report was merely laid upon the table. The President and Directors certainly did not then think they could dispense with the signature of the President. Its officers have resorted, however, to an expedient to evade this provision of their charter—instead of bank notes, signed by the President of the Bank, they have issued bank orders signed by some twenty or thirty Cashiers. The paper manufacturer could furnish as much paper as was requir-

ed—the engraver could turn off copies fast enough—but the President could not sign the bills as fast as the Bank desired to increase its circulation and its loans. Some thirty officers spread in distant parts of the Union, were set to work issuing small notes, rendering it, through their variety, almost impossible to detect a counterfeit. The officers of the Bank have not only evaded its charter, but they have, by issuing these small notes, palpably disregarded the amendment for which they memorialized this House.



But, Sir, these are mere matters of form—which are, in my view, of little moment, when we turn to others of a graver character—to transactions which have a sensible and controlling influence, not only on trade and currency, but on the property and welfare of the people. I disclaim all charges of corruption—the well known honor and integrity of the President of the Bank of the United States, are with me a sufficient guarantee of the purity of the conduct of its officers. The resolution before us, should be adopted, Sir, on other and higher grounds. The President and Directors of the Bank of the United

States are accountable to the nation for the serious mismanagement of the concerns of that institution, and it is the right and the duty of this House to inquire deeply into its affairs, before they decide upon the question of perpetuating its charter. I do not mean that they have not kept a steady eye to their own interest—that they have not resorted to every ingenious contrivance to enlarge their circulation, increase their loans, and augment their profits; but I do mean to charge the President and Directors of the Bank of the United States with adopting their measures, utterly regardless of their effects upon our currency, and of the distressing consequences which may result from a too great and sudden expansion of bank loans and paper circulation.

The gentleman from South Carolina [Mr. McDuffie] has entirely misunderstood me, if he supposed me referring particularly to the bank orders when I spoke of paper redeemable, substantially, "no where." I referred, Sir, to the whole mass of the circulation of the Bank of the United States, issued from its offices in the interior. The Bank, in order to enlarge and to sustain its circulation, have resorted to an extraordinary expedient—an expedient dangerous to the character of our currency. They have not only increased the amount of their notes in circulation more than twenty millions of dollars since 1823, but they have thrown into the circulation of

the country, notes almost exclusively issued from the Southern and Western branches. They have increased their note circulation from four to near twenty-five millions, and of that amount, more than nineteen millions of dollars have been thrown into circulation from the Southern and interior offices—from this and all the Atlantic cities North their appears to be little more than five millions. These notes, in the natural course of trade, go to our Atlantic cities. We had millions of them on the Atlantic during the last fall; they were refused at all the banks in New York; and the Branch Bank of the United States refused to receive them except for bonds due the government. Where, Sir, I would ask the gen-

gentleman from South Carolina, were these notes redeemable? Would he send the holders of them a thousand, and two thousand miles off to demand payment of the branches in the South and West? Let me read to that gentleman his own words, when commenting on another Bank:—"Of what consequence would it be to a merchant or planter of Louisiana, or a manufacturer or farmer of Maine, that he could obtain specie for bills of the National Bank on presenting them at the City of Washington?" Is it more difficult, Sir, to go to Washington to demand specie than it is to Cincinnati, Louisville, St. Louis, Lexington, Nashville, or Natchez? To go to Fayetteville, where they have eighteen thousand dollars of specie to pay, more than a million of notes in circulation, or to Pittsburgh, with its twenty-eight thousand dollars, to redeem another million?

The gentleman from South-Carolina is undoubtedly-

ly correct with regard to the irredeemable character of such paper; and, by a very sound argument, he reaches the conclusion, that it is only sustained in circulation by the force of your law which makes it receivable in all quarters of the Union for the revenues of Government—and that paper of that character is essentially no better than the old Continental money of the Revolution, or the assignats of France. Repeal your law making these notes receivable in dues to Government, and how long would they circulate on the Atlantic.

I have a yet higher charge to make against the President and Directors of the Bank of the United States : It is, by an extraordinary increase of its loans, as well as its circulation, it has spread a spirit of speculation through the country, and stimulated every State Bank to increase its loans and circulation ; for, Sir, when this question shall come before the House, I shall be able to prove, by the most satisfactory data, that, far from diminishing the aggregate circulation of the country, the State circulations increase, and diminish, with the fluctuations in the loans and paper of the Bank of the United States : it is a common cause—and all Banks, dealing in paper money, increase their loans and issues, as these encourage speculation, and artificially augment the aggregate va-

lue of the wealth of the nation. Our currency is now in a similar condition to that of 1818 : there has been no time, since the adoption of the Constitution, when an equal amount of paper money was circulating through the Union. The slightest disturbance in the political world, or agitation of the currency of any great European nation, would produce in this country the same disastrous effects which were witnessed in the spring of 1819—that memorable period, when a wide ruin was spread through the commercial world, from Maine to Missouri, mainly through the instrumentality of the Bank of the United States. What was done then, has been now repeated ; and, if we escape the calamities of 1819, it will not be owing to the caution or judicious con-



duct of the Bank of the United States : it will be owing to our general tranquillity. What was the conduct of the Bank of the United States in 1817, '18 and '19 ? It commenced operations in January, 1817—and in December, 1818, in two years, it had increased its circulation to eleven millions, and its loans to forty-one millions and a half. The Bank was compelled, in three months, to reduce its loans to thirty-three millions, and its circulation to less than six millions. The loans were ultimately reduced to twenty-eight millions, and the circulation to less than four. The transactions of the Bank remained steady for nine years—the loans of January, 1828 being as they were in 1819, little more than thirty-three millions, and the circulation gradually augmenting from four to eleven millions. Since that time, there has been a rapid, an

unwarranted increase of commercial loans, from thirty-three to sixty-six millions!—the amount stated in the report of the 1st January last—and fourteen millions of notes. And, what is most extraordinary, an increase in only eleven months of the last year of twenty-one millions in commercial loans and six millions in bank note circulation. This increase was not warranted by any circumstance, commercial or political. Since the President of the United States announced his constitutional objections to the Bank, there was at least a strong motive for not enlarging its loans or circulation. But, if not admonished by this declaration, the condition of the European world was too critical to warrant such an abrupt increase of loans to trade, to excite speculation and to draw upon the commercial world the uniform consequences—bankruptcies and distress. For eighteen

months past, a spark might have, at any moment, lighted all Europe into a blaze. A panic might have been excited through the revolutionary symptoms of England which would have shaken commercial credit throughout the world. Was this a time to add, in less than one year, more than twenty millions to our loans and six millions to our general circulation, drawing along with it double the increase in our local circulations? Are not these transactions sufficient to authorize an inquiry into its affairs? When we look at these transactions of the Bank, we have no difficulty in accounting for an extraordinary trade and revenue—for the twenty millions accruing at one port. We now begin, as in the spring of 1819, to feel the distressing consequences of this misconduct of the Bank of the United States—this new

scheme of finance—this enormous issue of small bank notes from the Southern and Western branches. Your branches at Baltimore, Philadelphia, New York, and Boston are compelled to receive them for the large amount of revenue bonds which are daily falling due. These offices have now to absorb the millions issued from the interior—they are rushing in upon them. The Bank of the U. S. lost 5 millions of its specie in the last six months of the last year—the four principal offices on the Atlantic lost half their specie—it is still flowing out. Exchange is eleven per cent. above par—and they owe more than a million and a half abroad. Bankruptcies Sir, have already commenced in Baltimore and Philadelphia—there is a heavy pressure on the money market in all our Atlantic cities. I trust, Sir, that these bankruptcies may extend no further—but if the pressure continues it will inevitably extend to the West, where there are more than twenty millions of loans, and we may anti-

icipate a distress corresponding with that of 1819. I trust the commercial world may escape a similar wide spread ruin; but if it should, it will not be owing to the wise administration of the affairs of the Bank of the United States, in turning all its government loans suddenly into the channels of trade, and reducing its funded securities—(the only available fund but its specie—for its loans cannot now be reduced without ruin to the country)—from seventeen millions to twenty-two hundred dollars! In commenting Sir, on the conduct of the Bank of the United States, I do not mean to be understood as censuring them for any thing new. It has ever been and ever will continue to be the policy of Bank Directors in every country, to enlarge their circulations, loans and profits.—What our Bank Directors have now done, and did in 1818, was done by the Directors of the Bank of England in 1794—in one year they increased the Bank circulation to an amount equal to eleven millions of dollars—in the next two years it was reduced from thirteen millions and a half to eight and a half millions sterling—a decrease in two

years equal to twenty two millions of dollars! All this took place between 1794 and 1797. In 1797, the Bank suspended specie payment. The mischief, Sir, had been done—the commercial world was prostrate—it could not have been worse—and it may be a matter of reasonable doubt whether there was any occasion for government to interfere in 1797, to entail on posterity the consequences of the temporary gambling of the Bank of England, at an improper crisis in the affairs of Europe. The Directors of the Bank of England in their secret conclave, looked only to their loans, their circulation and their dividends—they never thought of the ruin their acts might bring upon the country, by the slightest mismanagement at such a crisis—they never recollected that France was at the same time disorganizing the currency of all Europe by manufacturing assignats to the amount of forty-five thousand millions of livres. Nor, sir,

have the Directors of the Bank of the United States, while attending to the interest of their stockholders, thought for one moment of the welfare of the millions whose interests might be affected by an improper expansion of credit, at a crisis so critical as the present in the affairs of the world.

We see with what a tremendous power we have armed this institution—that we have invested the President of the Bank of the United States with more than a sovereign authority—upon his sole will depend the morals, happiness and wealth of millions of our countrymen. In considering whether we shall perpetuate this power, I am sure the gentleman from South Carolina—nay that every member

of this House, will be actuated by a higher and a nobler ambition than to sacrifice the great and permanent interests of his country to serve the temporary interests of any candidate for the Presidency.— I hope, sir, that this House will adopt the resolution of the gentleman from Georgia and thoroughly examine the affairs of the Bank of the United States before we are called upon to decide so momentous a question. Under that resolution we may obtain information which will be useful at least in amending the bill—and I cannot persuade myself that it will occasion unnecessary delay—there is certainly no such intention on the part of the gentleman from Georgia, and the enquiry is due as well to the Bank as to this House.



I feel bound to notice a remark made by the gentleman from Virginia (Mr. Patton)—he says that while the President of the United States is recommended in one quarter of the Union as the enemy—he is in another quarter advocated, as the friend of the Bank of the United States. Sir, I am yet to learn in what quarter of this Union the President is defended as the friend of the Bank—no sir, there is a principle of union in self interest which admits of no division. There may be individuals friendly to the Bank who are also the advocates of the President,

but as an interest, it is decidedly hostile to him—and I know of no section of our country where he is not generally opposed by the friends of that institution. The gentleman from Virginia states that he has understood that it was intended by some of the friends of the President and of the Bank to unite in postponing the question till the next session—to avoid sending the bill to the President. The gentleman justly deprecates such a course—he prefers meeting the question, as he ought to do, promptly and firmly—Sir, the gentleman from Virginia only responds the sentiment of the President of the United States—he never shrunk from responsibility. [Here Mr. Patton explained.] Sir, I did not misunderstand the gentleman from Virginia—he spoke in the most exalted terms of the President, and he knew, as we all do, that he is the last man to evade any question—

to shun any responsibility involving the great and permanent interests of his country. If we send him the bill he will discharge his constitutional duty, firmly and faithfully, as he has hitherto done. Gentlemen may perhaps imagine that by pursuing such a course—by throwing this responsibility upon the President they will gain some political advantage—were I sir to consult only the policy of a mere politician, there is nothing that I should so much desire, as that Congress would send the bill to the President of the U. States, that he might send it back to us with his veto—an enduring monument of his fame. But, Sir, I cannot concur with the gentleman from Virginia in his determination not to vote for the postponement of the Bank bill until the next session. I

shall vote to defeat it, or to postpone it, on every motion, whether till the next session, or indefinitely. We cannot approach so great a question too cautiously or deliberately. Upon the soundness of our currency, and the immutability of the standard of the value of property, depend all stability in the employments of labor, the security of property, and the general welfare of our country. We have gone far—perhaps too far—in an unconstitutional attempt to set up for ourselves an artificial currency and a fluctuating standard. Those who framed the Constitution, wisely intended that we should adhere to that currency, and that standard, which had been adopted for thousands of years and by the common consent of all commercial nations. They denied to us the right to emit bills of credit, wisely designing to

force us into a compliance with the standard of the world. The Courts may discriminate between bank notes, Treasury notes, and bills of credit, but I cannot refine; their effects are the same upon currency, and on the welfare of the country; they vary only in degree, and according to the circumstances of the times. Before we depart entirely from the safe anchorage of the Constitution—before we let out for the third time our circulation on contract, and farm out our currency—before we perpetuate an artificial standard, and subject our commerce and industry to all its incidental calamities, I trust we shall deliberate maturely, and make at least some attempt gradually to diminish our paper circulations, both local and general, and to secure something like stability to property and labor. At least, I hope Sir, that in a matter so momentous, we shall thoroughly examine every branch of the question, and proceed with all possible caution and deliberation. I hope we shall adopt the resolution and examine into the affairs of the Bank of the United States.

Mr. BRANCH said, believing as he did that the President of the United States was desirous to see this question brought to a definite issue, he had brought his mind to resist every measure which was calculated to delay its ultimate decision. He would not impeach the motives of those who were willing to go into this question—but he could see no benefit from it. Let it result as it might, it would not affect the veto of the President. Does any man on this floor believe that the President would sign a bill re-chartering the Bank? Throughout a long career of public service, he has constantly pronounced the charter of the present, as well as the former Bank of the United States to be unconstitutional. He has

taken an oath to support the constitution against all encroachment. Can any one doubt but he will redeem his faith? After its rejection by the President can it be passed by two thirds of both houses? Why then should the public mind be longer agitated with uncertainty on this exciting subject? Why should artful speculators be permitted to avail themselves of the present uncertain state of events. Enquiries are daily passing on this subject. The President is stated to be of one opinion, the Secretary of the Treasury of another. If the charter of the Bank is to be renewed it ought to be known. If not to be it should be understood. It was the

duty of the House to act promptly on the subject. The whole country expected it. He would do the President the justice to say that he never shrunk from any proper responsibility. It was from no desire of his that this subject was delayed. It was to be attributed to his counsellors—to a power behind the throne greater than the throne itself. The President desired no such subterfuge. Believing that the object so much desired—the prostration of the Bank may be better attained by avoiding all delay he should vote against the resolution.