

Yet, when they asked her for her depositions, No sort of explanation could be had, Save that her duty both to man and God Required this conduct—which seemed very odd.

She kept a journal, where his faults were noted, And opened certain trunks of books and letters, All which might, if occasion served, be quoted.

And then she had all Seville for abettors, Besides her good old grandmother,—who donated— The hearers of her case became repeaters, Then advocates, inquisitors, and judges, Some for amusement, others for old grudges.

And then this best and meekest woman bore With such serenity her husband's woes; Just as the Spartan ladies did of yore, Who saw their spouses killed and nobly chose. Never to say a word about them more; Calmly she heard each calumny that rose, And saw his agonies with such sublimity, That all the world exclaimed, "What magnanimity!"

Yet Jose was an honorable man, That I must say, who knew him very well; Therefore, his frailties I'll no farther scan; Indeed, there were not many more to tell; And if his passions now and then outran Discretion, and were not so peaceable As Numa's (who was called Pompilius) He had been ill brought up, and was born bilious.

Whate'er might be his worthlessness, or worth, Poor fellow! he had many things to wound him Let's own, since it can do no good on earth. It was a trying moment that, which found him Standing alone beside his desolate hearth, Where all his household gods lay shivered round him. No choice was left his feelings, or his pride, Save death or Doctor's Commons—so he died.

CONGRESS.

HOUSE OF REPRESENTATIVES.

BANK OF THE UNITED STATES.

Mr. McDuffie, from the Committee of Ways and Means, to which the subject had been referred, made the following report:

The Committee of Ways and Means, to whom was referred so much of the message of the President as relates to the Bank of the United States, beg leave to report:

That they have bestowed upon the subject all the attention demanded by its intrinsic importance, and now respectfully submit the result of their deliberations to the consideration of the House. There are few subjects, having reference to the policy of an established government, so vitally connected with the health of the body politic, or in which the pecuniary interests of society are so extensively and deeply involved. No one of the attributes of sovereignty carries with it a more solemn responsibility, or calls in requisition a higher degree of wisdom, than the power of regulating the common currency, and thus fixing the general standard of value for a great commercial community, composed of confederated States.

Such being, in the opinion of the committee, the high and delicate trust exclusively committed to Congress by the Federal Constitution, they have proceeded to discharge the duty assigned to them, with a corresponding sense of its magnitude and difficulty.

The most simple and obvious analysis of the subject, as it is presented by the message of the President, exhibits the following questions for the decision of the National Legislature:—

- 1. Has Congress the constitutional power to incorporate a bank, such as that of the United States?
- 2. Is it expedient to establish and maintain such an institution?

Is it expedient to establish "a National Bank, founded upon the credit of the Government and its revenues?"

1. If the concurrence of all the departments of the Government, at different periods of our history, under every administration, and during the ascendancy of both the great political parties into which the country was divided soon after the adoption of the present Constitution, shall be regarded as having the authority ascribed to such sanctions by the common consent of all well regulated communities, the constitutional power of Congress to incorporate a bank may be assumed as a postulate no longer open to controversy. In little more than two years after the Government went into operation, and at a period when most of the distinguished members of the Federal Convention were either in the executive or Legislative councils, the act, incorporating the first bank of the United States, passed both branches of Congress by large majorities, and received the deliberate sanction of President Washington, who had then recently presided over the deliberations of the Convention. The constitutional power of Congress to pass the act of incorporation, was thoroughly investigated, both in the Executive Cabinet and in Congress, under circumstances, in all respects, propitious to a dispassionate decision. There was, at that time, no organization of political parties, and the question was, therefore, decided by those, who, from their knowledge and experience, were peculiarly qualified to decide correctly; and who were entirely free from the influence of that party excitement and prejudice, which would justly impair, in the estimation of posterity, the authority of a legislative interpretation of the constitutional charter. No persons can be more competent to give a just construction to the Constitution, than those who had a principal agency in framing it; and no administration can claim a more perfect exemption from all those influences which, sometimes, pervert the judgments, even of the most wise and patriotic, than that of the Father of his Country, during the first term of his service.

Such were the circumstances, under which all the branches of the National Legislature solemnly determined that the power of creating a National Bank was vested in Congress by the Constitution.—The bank thus created, continued its operations for twenty years—the period for which its charter was granted—during

which time, public and private credit were raised, from a prostrate, to a very elevated condition, and the finances of the nation were placed upon the most solid foundation.

When the charter expired, in 1811, Congress refused to renew it, principally owing, as the committee believe, to the then existing state of political parties.—Soon after the bank was chartered, the two great parties that have since divided the country, began to assume an organized existence. Mr. Jefferson and Mr. Madison, the former in the Executive Cabinet, and the latter in Congress had been opposed to the establishment of the bank, on constitutional grounds, and being placed at the head of the party most unfavorable to the extension of the powers of the Government by implication, the bank question came to be regarded as in some degree the test of political principle.

When Mr. Jefferson came into power, upon the strong tide of a great political revolution, the odium of the alien and sedition laws was in part communicated to the Bank of the United States; and, although he gave his official sanction to an act creating a new branch of that institution at New-Orleans, and to another to punish the counterfeiting of its bills, yet, when the question of renewing the charter came before Congress, it was discussed as a party question; and though some of the most distinguished republicans, including Mr. Gallatin then Secretary of the Treasury, and Mr. Crawford then a member of the Senate, were decidedly in favor of the renewal, sustaining the measure by able arguments, the votes in both branches of Congress were distinctly marked as party votes. At no time since the commencement of the Government has there existed a more violent party excitement than that which marked the period under review. It was the period of the embargo, non-intercourse, and other commercial restrictions—when the indiscriminating opposition of the leaders of the federal party to the measures adopted by the administration, to vindicate our rights against British aggression, had caused the great majority of the American people to view these leaders as the apologists of a nation, already regarded in the light of a public enemy. When to these circumstances we add, that the stock of the bank was principally held by British subjects, and Americans of the unpopular party, the House will readily perceive how great were the national and party prejudices, which must have been arrayed against the proposition to renew its charter. It was stated by Mr. Clay, in a speech delivered in the Senate, that seven-tenths of the stock belonged to British subjects, and that certain English noblemen, and a late Lord Chancellor, were among the very largest of the stockholders. With all these difficulties to encounter, the proposition for renewing the charter was lost only by the casting vote of the President of the Senate, and by a majority of a single vote in the House of Representatives.

In less than three years after the expiration of the charter—the war with Great Britain having taken place in the meantime—the circulating medium became so disordered, the public finances so deranged, and the public credit so impaired, that the enlightened patriot, Mr. Dallas, who then presided over the Treasury Department, with the sanction of Mr. Madison, and, as it is believed, every member of the cabinet, recommended to Congress the establishment of a National Bank, as the only measure by which the public credit could be revived, and the fiscal resources of the government redeemed from a ruinous, and otherwise incurable embarrassment; and such had been the impressive lesson taught by a very brief but fatal experience, that the very institution, which had been so recently denounced, and rejected by the republican party, being now recommended by a republican administration, was carried through both branches of Congress, as a republican measure, by an overwhelming majority of the republican party. It is true that Mr. Madison did not approve and sign the bill which passed the two Houses of Congress, because it was not such a bill as had been recommended by the Secretary of the Treasury, and because the bank it proposed to create was not calculated, in the opinion of the President, to relieve the necessities of the country. But he premised his objections to the measure by "waiving the question of the constitutional authority of the legislature to establish an incorporated bank, as being precluded, in his opinion, by repeated recognitions, under varied circumstances, of the validity of such an institution in acts of the legislative, executive, and judicial branches of the Government, accompanied by indications, in different modes, of the concurrence of the general will of the nation." Another bill was immediately introduced, and would, in all probability, have become a law, had not the news of peace, by doing away the pressure of the emergency, induced Congress to suspend further proceedings on the subject, until the ensuing session. At the commencement of that session, Mr. Madison invited the attention of Congress to the subject, and Mr. Dallas again urged the necessity of establishing a bank, to restore the currency, and facilitate the collection and disbursement of the public revenue; and so deep and solemn was the conviction upon the minds of the public functionaries, that such an institution was the only practicable means of restoring the circulating medium to a state of

soundness, that, notwithstanding the decided opposition of all the state banks and their debtors, and, indeed, the whole debtor class of the community, the act incorporating the present bank of the United States, was passed by considerable majorities in both branches of Congress, and approved by Mr. Madison.

This brief history of the former and present bank, forcibly suggests a few practical reflections. It is to be remarked, in the first place, that since the adoption of the constitution, a bank has existed under the authority of the Federal Government, for thirty-three out of forty years; during which time, public and private credit have been maintained at an elevation fully equal to what has existed in any nation in the world; whereas, in the two short intervals, during which no national bank existed, public and private credit were greatly impaired, and in the latter instance, the fiscal operations of the government were almost entirely arrested.— In the second place, it is worthy of special notice, that, in both the instances in which Congress has created a bank, it has been done under circumstances calculated to give the highest authority to the decision. The first instance as has been already remarked, was in the primitive days of the republic, when the patriots of the revolution, and the sages of the Federal Convention, were the leading members both of the Executive and Legislative councils; and when General Washington, who, at the head of her armies, had conducted his country to independence, and, as the head of the Convention, had presided over those deliberations which resulted in the establishment of the present constitution, was the acknowledged President of a People undistracted by party divisions. The second instance was under circumstances of a very different but equally decisive character. We find the very party which had so recently defeated the proposition to renew the charter of the old bank, severely schooled both by adversity and experience, magnanimously sacrificing the pride of consistency, and the prejudices of party, at the shrine of patriotism. It may be said without disparagement, that an assembly of higher talent and purer patriotism has never existed since the days of the Revolution than the Congress by which the present bank was incorporated. If ever a political party existed, of which it might be truly said, that "all the ends they aimed at were their country's," it was the republican party at that day. They had just conducted the country through the perils of a war, waged in defence of her rights and honor, and elevating their views far above the narrow and miserable ends of party strife, sought only to advance the permanent happiness of the people. It was to this great end that they established the present bank.

In this review, it will be no less instructive than curious, to notice some of the changes made in the opinions of prominent men, yielding to the authority of experience. Mr. Madison who was the leading opponent of the bank created in 1791, recommended and sanctioned the bank created in 1816; and Mr. Clay who strenuously opposed the renewal of the charter in 1811, as strenuously supported the proposition to grant the charter in 1816.

That may be said of the bank charter, which can be said of few contested questions of constitutional power. Both the great political parties that have so long divided the country, have solemnly pronounced it to be constitutional, and there are but very few of the prominent men of either party, who do not stand committed in its favor. When to this imposing array of authorities, the committee add the solemn and unanimous decision of the Supreme Court, in a case which fully and distinctly submitted the constitutional question to their cognizance, may they not ask, in the language of Mr. Dallas, "can it be deemed a violation of the right of private opinion to consider the constitutionality of a national bank as a question forever settled and at rest?"

And here the committee beg to be distinctly understood, as utterly disclaiming the idea of ascribing to the decision of any or all of the departments of the government, upon a great constitutional question, the binding authority which belongs to judicial precedents, in cases of mere private right, depending upon the construction of the ordinary acts of the legislature. No length of prescription, or concurrence of authority, can consecrate the usurpation of powers subversive of public liberty, and destructive of public happiness. But, where the power exercised is clearly conducive to the public welfare, and its constitutionality is merely doubtful, it would seem to be one of the most obvious dictates of practical wisdom, to regard the decision of those who had the best means of ascertaining the intention of the constitution, and who were actuated by the most undoubted purity and disinterestedness of motive, as of sufficient authority at least to overrule theoretical objections and silence individual scruples.

The committee will now submit a few remarks, with the design of shewing, that, viewing the constitutionality of the bank as an original question, the arguments in its favor are at least as strong as those against it.

The earliest, and the principal objection urged against the constitutionality of a national bank, was, that Congress had not the power to create corporations. That Congress has a distinct and substantive

power to create corporations, without reference to the objects entrusted to its jurisdiction, is a proposition which never has been maintained, within the knowledge of the committee; but, that any one of the powers expressly conferred upon Congress, is subject to the limitation, that it shall not be carried into effect by the agency of a corporation, is a proposition which cannot be maintained, in the opinion of the committee.

If Congress, under the authority to pass all laws, necessary and proper for carrying into effect the powers vested in all or any of the departments of the government, may rightfully pass a law inflicting the punishment of death, without any other authority, it is difficult to conceive why it may not pass a law, under the same authority, for the more humble purpose of creating a corporation. The power of creating a corporation, is one of the lowest attributes, or more properly speaking, incidents, of sovereign power. The chartering of a bank, for example, does not authorize the corporation to do any thing, which the individuals composing it might not do without the charter. It is the right of every individual of the Union to give credit to whom he chooses, and to obtain credit where he can get it. It is not the policy of any commercial country to restrict the free circulation of credit, whether in the form of promissory notes, bills of exchange, or bank notes. The charter of the bank of the U. States, therefore, merely enables the corporation to do, in an artificial capacity, and with more convenience, what it would be lawful for the individual corporators to do without incorporation. Mr. Girard established a bank in Philadelphia without a charter, which was in very high credit within the sphere of its circulation; and it cannot be doubted, that he might have formed a banking co-partnership with the principal capitalists in the other commercial cities of the Union, of which the bills would have had a general credit in every part of the country, particularly if the Federal Government had provided that these bills should be received in discharge of its dues. The only material particular in which the charter of the bank of the United States confers a privilege upon the corporation, apparently inconsistent with the State laws, is the exemption of the individual property of the corporation from responsibility for the debts of the corporation. But, if the community deal with the bank, knowing that the capital subscribed is alone liable for its debts, no one can complain either of imposition or injury; and, in point of fact, no one ever has complained on that score, or ever will. The real complaint against the bank is, not that it has not a sufficient basis for its credit, but that its credit is too extensive. The objection lies, therefore, not against the artificial character communicated to the stockholders by the charter, but against the pecuniary operation of the bank itself. Now, these operations consist in the use of its own capital, a faculty not surely derived from the government, but, in the exercise of which the government imposes many useful restrictions for the benefit of itself and of the community.

The committee have presented this brief analysis of the bank corporation, with the view of showing that there is nothing in the nature of the thing, which renders it unfit to be an instrument in the hands of a government, admitted to be sovereign in its appropriate sphere, for carrying into effect powers expressly delegated.

It now remains for the committee to show that the Bank of the United States is a "necessary and proper," or, in other words, a natural and appropriate means of executing the powers vested in the Federal Government. In the discussion of 1791, and also in that before the Supreme Court, the power of raising, collecting, and disbursing the public revenue, of borrowing money on the credit of the United States, and paying the public debt, were those which were supposed clearly to carry with them the incidental right of incorporating a bank, to facilitate operations. There can be no doubt that these fiscal operations are greatly facilitated by a bank, and it is confidently believed, that no person has presided twelve months over the Treasury, from its first organization to the present time, without coming to the conclusion, that such an institution is exceedingly useful to the public finances in time of peace, but indispensable in time of war. But as this view of the question has been fully unfolded in former discussions, familiar to the House, the committee will proceed to examine the relation which the Bank of the U. States bears to another of the powers of the Federal Government, but slightly adverted to in the former discussions of the subject.

The power to "coin money and fix the value thereof," is expressly and exclusively vested in Congress. This grant was evidently intended to invest Congress with the power of regulating the circulating medium. "Coin" was regarded, at the period of framing the Constitution, as synonymous with "currency," as it was then generally believed that bank notes could only be maintained in circulation by being the true representative of the precious metals. The word "coin," therefore must be regarded as a particular term, standing as the representative of a general idea. No principle of sound construction will justify a rigid adherence to the letter, in opposition to the plain intention of the clause. If, for example, the gold

bars of Ricardo should be substituted for our present coins, by the general consent of the commercial world, could it be maintained that Congress would not have the power to *make* such money, and fix its value, because it is not "coined?" This would be sacrificing sense to sound and substance to mere form. This clause of the constitution is analogous to that which gives Congress the power "to establish post roads." Giving to the word "establish" its restricted interpretation, as being equivalent to "fix," or "prescribe," can it be doubted that Congress has the power to establish a canal, or a river, as a post route, as well as a road? Roads were the ordinary channels of conveyance, and the term was, therefore, used as synonymous with "routes," whatever might be the channel of transportation, and, in like manner, "coin," being the ordinary and most known form of a circulating medium, that term was used as synonymous with currency.

An argument in favor of the view just taken, may be fairly deduced from the fact, that the States are expressly prohibited from "coining money, or emitting bills of credit," and from "making any thing but gold and silver a lawful tender in payment of debts." This strongly confirms the idea, that the subject of regulating the circulating medium, whether consisting of coin or paper, was at the same time that it was taken from the control of the States, vested in the only depository in which it could be placed, consistently with the obvious design of having a common measure of value throughout the Union.

But, even if it should be conceded, that the grant of power to "coin money and fix the value thereof," does not, in its terms, give Congress the power of regulating any other than the "coined" currency of the Union, may not the power of regulating any substituted currency, and especially one which is the professed representative of coin, be fairly claimed as an incidental power, as an essential means of carrying into effect the plain intention of the constitution, in clothing Congress with the principal power? This power was granted in the same clause with that to regulate weights and measures, and for similar reasons. The one was designed to ensure a uniform measure of quantity. The former is decidedly the most important, and belongs essentially to the General Government, according to every just conception of our system. A currency of uniform value is essential to what every one will admit to be of cardinal importance: the equal action of our revenue system upon the different parts of the Union. The state of things which existed when the bank was incorporated, furnished a most pregnant commentary on this clause of the constitution. The currency of the country consisted of the paper of local banks, variously depreciated. At one of the principal sea ports the local currency was 20 per cent. below par. Now it was in vain for Congress to regulate the value of coin, when the actual currency, professing to be its equivalent, bore no fixed relation to it. This great and essential power of fixing the standard of value, was, in point of fact taken from Congress, and exercised by some hundreds of irresponsible bank corporations, with the strongest human motives to abuse it, because their enormous profits resulted from the abuse. The power of laying and collecting imposts and excises, is expressly subject to the condition that they "shall be uniform throughout the United States;" and it is also provided, that "no preference shall be given, by any regulation of commerce, or revenue, to the ports of one State over those of another." Now, when it is known that the circulating medium of Baltimore was 20 per cent. below the value of the circulating medium of Boston, is it not apparent that an impost duty, though nominally uniform, would, in effect, make a discrimination in favor of Baltimore, proportioned to the depreciation of the local currency? Congress, therefore, not only had the power, but, as it seems to the committee, were under the most solemn constitutional obligations to restore the disordered currency; and the Bank of the United States was not only an appropriate means for the accomplishment of that end, but, in the opinion of the committee, the only safe and effectual means that could have been used. This view of the subject is in full accordance with the opinion of Mr. Madison, as is expressed in his message of December, 1816. "But," says he, "for the interest of the community at large, as well as for the purposes of the Treasury, it is essential that the nation should possess a currency of equal value, credit and use, wherever it may circulate. The constitution has entrusted Congress exclusively with the power of creating and regulating a currency of that description, and the measures which were taken, during the last session, in execution of the power, give every promise of success. The Bank of the United States, under auspices the most favorable, cannot fail to be an important auxiliary."

Such are the authorities and such the arguments which have brought the committee to the conclusion, that the power to incorporate a bank is incidental to the powers of collecting and disbursing the public revenue; of borrowing money on the credit of the United States; of paying the public debt; and above all, of fixing and regulating the standard of value, and thereby ensuring, at least so far as the medium of payment is concerned, the uniformity and equality of taxation.

II. The next question proposed for con-

consideration, is the expediency of establishing an incorporated bank with a view to promote the great ends already indicated. In discussing the constitutionality of such a measure, some of the considerations which render it inexpedient have been slightly unfolded. But these require a more full and complete development, while others remain to be presented.

It must be assumed as the basis of all sound reasoning, on this subject, that the existence of a paper currency, issued by banks deriving their charters from the State governments, cannot be prohibited by Congress. Indeed, bank credit and bank paper are so extensively interwoven with the commercial operations of society, that, even if Congress had the constitutional power, it would be utterly impossible to produce so entire a change in the monetary system of the country as to abolish the agency of banks of discount, without involving the community in all the distressing embarrassments usually attendant on great political revolutions, subverting the titles to private property. The sudden withdrawal of some hundred millions of bank credit, would be equivalent, in its effects, to the arbitrary and despotic transfer of the property of one portion of the community to another, to the extent, probably, of half that amount. Whatever, therefore, may be the advantages of a purely metallic currency, and whatever the objections to a circulating medium partly composed of bank paper, the committee consider that they are precluded, by the existing state of things, from instituting a comparison between them, with a view to any practical result.

If they were not thus precluded, and it were submitted to them as an original question, whether the acknowledged and manifold facilities of bank credit and bank paper, are not more than counterbalanced by the distressing vicissitudes in trade incident to their use, they are by no means prepared to say, that they would not give a decided preference to the more costly and cumbersome medium.

But the question really presented for their determination, is not between a metallic and a paper currency, but between a paper currency of uniform value, and subject to the control of the only power competent to its regulation, and a paper currency of varying and fluctuating value, and subject to no common or adequate control whatever. On this question it would seem that there could scarcely exist a difference of opinion; and that this is substantially the question involved in considering the expediency of a national bank, will satisfactorily appear by a comparison of the state of the currency previous to the establishment of the present bank, and its condition for the last ten years.

Soon after the expiration of the charter of the first Bank of the United States, an immense number of local banks sprung up under the pecuniary exigencies produced by the withdrawal of so large an amount of bank credit, as necessarily resulted from the winding up of its concerns—an amount falling very little short of fifteen millions of dollars. These banks being entirely free from the salutary control which the Bank of the U. States had recently exercised over the local institutions, commenced that system of imprudent trading and excessive issues, which speedily involved the country in all the embarrassments of a disordered currency. The extraordinary stimulus of a heavy war expenditure, derived principally from loans, and a corresponding multiplication of local banks, chartered by the double score in some of the States, hastened the catastrophe which must have occurred at no distant period, without these extraordinary causes. The last year of the war presented the singular and melancholy spectacle of a nation abounding in resources, a people abounding in self-devoting patriotism, and a government reduced to the very brink of avowed bankruptcy, solely for the want of a national institution, which, at the same time that it would have facilitated the government loans and treasury operations, would have furnished a circulating medium of general credit in every part of the Union. In this view of the subject, the committee are fully sustained by the opinion of Mr. Dallas, then Secretary of the Treasury, and by the concurring and almost unanimous opinion of all parties in Congress: for whatever diversity of opinion prevailed, as to the proper basis and organization of a bank, almost every one agreed that a national bank, of some sort, was indispensably necessary to rescue the country from the greatest of financial calamities.

The committee will now present a brief exposition of the state of currency at the close of the war, of the injury which resulted from it, as well to the government as to the community, and their reasons for believing that it could not have been restored to a sound condition, and cannot now be preserved in that condition, without the agency of such an institution as the Bank of the United States.

The price current appended to this report will exhibit a scale of depreciation in the local currency, ranging through various degrees to twenty, and even to twenty-five per cent. Among the principal eastern cities, Washington and Baltimore were the points at which the depreciation was greatest. The paper of the banks in these places, was from 20 to 22 per cent. below par. At Philadelphia the depreciation was considerably less, though even there it was from 17 to 18 per cent. In New-York and Charleston, it was from 7 to 10 per cent. But in the interior of the country, where banks were established, the depreciation was even greater than at Washington and Baltimore. In the western part of Pennsylvania, and particularly at Pittsburg, it was 25 per cent. These statements, however, of the relative depreciation of bank paper at various places, as compared with specie, give a very inadequate idea of the enormous evils inflicted upon the community, by the excessive is-

ues of bank paper. No proposition is better established than that the value of money, whether it consists of specie or paper, is depreciated in exact proportion to the increase of its quantity, in any given state of the demand for it. If, for example, the banks, in 1816, doubled the quantity of the circulating medium by their excessive issues, they produced a general degradation of the entire mass of the currency, including gold and silver, proportioned to the redundancy of the issues, and wholly independent of the relative depreciation of bank paper at different places, as compared with specie. The nominal money price of every article was of course one hundred per cent. higher than it would have been, but for the duplication of the quantity of the circulating medium. Money is nothing more nor less than the measure by which the relative value of all articles of merchandize is ascertained.— If, when the circulating medium is fifty millions, an article should cost one dollar, it would certainly cost two, if, without any increase of the uses of a circulating medium, its quantity should be increased to one hundred millions. This rise in the price of commodities, or depreciation in the value of money, as compared with them, would not be owing to the want of credit in the bank bills, of which the currency happened to be composed. It would exist though these bills were of undoubted credit, and convertible into specie at the pleasure of the holder, and would result simply from the redundancy of their quantity. It is important to a just understanding of the subject, that the relative depreciation of bank paper at the different places, as compared with specie, should not be confounded with this general depreciation of the entire mass of the circulating medium, including specie. Though closely allied, both in their causes and effects, they deserve to be separately considered.

The evils resulting from the relative depreciation of bank paper at different places, are more easily traced to their causes, more palpable in their nature, and consequently more generally understood by the community. Though much less ruinous than the evils resulting from the general depreciation of the whole currency, they are yet of sufficient magnitude to demand a full exposition.

A very serious evil, already hinted at, which grew out of the relative depreciation of bank paper, at the different points of importation, was its inevitable tendency to draw all the importations of foreign merchandize to the cities where the depreciation was greatest, and divert them from those where the currency was comparatively sound. If the Bank of the United States had not been established, and the government had been left without any alternative but to receive the depreciated local currency, it is difficult to imagine the extent to which the evasion of the revenue laws would have been carried. Every State would have had an interest to encourage the excessive issues of its banks, and increase the degradation of its currency, with a view to attract foreign commerce. Even in the condition which the currency had reached in 1816, Boston & New-York, and Charleston, would have found it advantageous to derive their supplies of foreign merchandize through Baltimore; and commerce would undoubtedly have taken that direction had not the currency been corrected. To avoid this injurious diversion of foreign imports, Massachusetts & New-York, and South-Carolina, would have been driven, by all motives of self-defence and self-interest, to degrade their respective currencies at least to a par with the currency of Baltimore, & thus a rivalry in the career of depreciation would have sprung up, to which no limit can be assigned. As the tendency of this state of things would have been to cause the largest portion of the revenue to be collected at a few places, and in the most depreciated of the local currency, it would have followed that a very small part of that revenue would have been disbursed at the points where it was collected.— The government would consequently have been compelled to sustain a heavy loss upon the transfer of its funds to the points of expenditure. The annual loss which would have resulted from these causes alone, cannot be estimated at a less sum than two millions of dollars.

But the principal loss which resulted from the relative depreciation of bank paper at different places, and its want of general credit, was that sustained by the community in the great operations of commercial exchange. The extent of these operations annually, may be safely estimated at sixty millions of dollars. Upon this sum the loss sustained by the merchants and planters, & farmers and manufacturers, was not probably less than an average of ten per cent., being the excess of the rate of exchange beyond its natural rate, in a sound state of the currency, and beyond the rate to which it has been actually reduced by the operations of the Bank of the United States. It will be thus perceived, that an annual tax of six millions of dollars was levied from the industrious and productive classes, by the large moneyed capitalists in our commercial cities, who were engaged in the business of brokerage. A variously depreciated currency, and a fluctuating state of the exchanges, open a wide and abundant harvest to the money brokers; and it is not, therefore, surprising that they should be opposed to an institution, which at the same time that it has relieved the community from the enormous tax just stated, has deprived them of the enormous profits which they derived from speculations in the business of exchange. In addition to the losses sustained by the community, in the great operations of exchange, extensive losses were suffered throughout the interior of the country, in all the smaller operations of trade, as well as by the failure of the numerous paper banks, puffed into a fictitious credit by fraudulent

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artifices, and having no substantial basis of capital to ensure the redemption of their bills.

But no adequate conception can be formed of the evil of a depreciated currency, without looking beyond the relative depreciation, at different places, to the general depreciation of the entire mass.— It appears from the report of Mr. Crawford, the Secretary of the Treasury in 1820, that during the general suspension of specie payments by the local banks, in the years 1815 and 1816, the circulating medium of the United States had reached the aggregate amount of one hundred and ten millions of dollars, and that, in the year 1819, it had been reduced to forty-five millions of dollars, being a reduction of fifty-nine per cent. in the short period of four years.— The committee are inclined to the opinion, that the severe and distressing operations of restoring a vicious currency to a sound state, by the calling in of bank paper, & the curtailment of bank discounts, had carried the reduction of the currency, in 1819, to a point somewhat lower than was consistent with the just requirements of the community for a circulating medium, and that the bank discounts have been gradually enlarged since that time, so as to satisfy those requirements. It will be assumed, therefore, that the circulating medium of the United States, has been fifty-five millions of dollars for the last ten years, taking the average.

Even upon this assumption it will follow, that the national currency has been one hundred per cent. more valuable for the last ten years than it was in 1816. In other words, two dollars would purchase no more of any commodity in 1816, than one dollar has been capable of purchasing at any time since 1819. It is obvious therefore, that the depreciation of the paper of particular banks, at any particular time, as compared with specie, furnishes no criterion by which to ascertain the general depreciation of the whole currency, including specie, as compared with the value of that currency at a different period. A specie dollar in 1816 would purchase no more than half as much as a paper dollar will purchase at present.

Having endeavored to explain, thus briefly, the general depreciation resulting from a redundant currency, the committee will now proceed to point out some of the injurious consequences which have resulted from those great changes in the standard of value, which have been unavoidably produced by the correction of the redundancy.

An individual who borrowed a sum of money in 1816, and paid it in 1820, evidently returned to the lender double the value received from him—and one who paid a debt in 1820, which he had contracted in 1816, as evidently paid double the value he had stipulated to pay though nominally the same amount in money. It is in this way that fluctuations in the quantity and value of the currency interfere, in the most unjust and injurious manner, between debtor and creditor.

And when Banks have the power of suspending specie payments, and of arbitrarily contracting and expanding their issues, without any general control, they exercise a more dangerous and despotic power over the property of the community, than was ever exercised by the most absolute government. In such a state of things, every man in the community holds his property at the mercy of money making corporations, which have a decided interest to abuse their power.

By a course of liberal discounts and excessive issues for a few years, followed by a sudden calling in of their debts and contraction of their issues, they would have the power of transferring the property of their debtors to themselves, almost without limit. Debts contracted when their discounts were liberal, and the currency of course depreciated, would be collected when their discounts were almost suspended, and the currency of course unnaturally appreciated; and in this way the property of the community might pass under the hammer, from its rightful owners to the banks, for less than one half its intrinsic value. If the committee had not greatly mistaken the matter, there is more of history than of speculation in what they have here presented to the consideration of the House.

It is impossible to form any thing like an accurate estimate of the injuries and losses sustained by the community, in various ways, by the disorders and fluctuations of the currency, in the period which intervened between the expiration of the old bank charter, and the establishment of the present bank. But some tolerable notion may be formed of the losses sustained by the government, in its fiscal operations, during the war.

The committee have given this part of the subject an attentive and careful examination, and they cannot estimate the pecuniary losses of the government, sustained exclusively for the want of a sound currency, & an efficient system of finance, at a sum less than forty six millions of dollars. If they shall make this apparent, the House will have something like a standard for estimating the individual losses of the community.

The government borrowed, during the short period of the war, eighty millions of dollars, at an average discount of fifteen per cent, giving certificates of stock, amounting to eighty millions of dollars, in exchange for sixty-eight millions of dollars, in such bank paper as could be obtained. In this statement, Treasury notes are considered as stock, at twenty per cent. discount. Upon the very face of the transaction, therefore, there was a loss of twelve millions of dollars, which would, in all probability, have been saved, if the Treasury had been aided by such an institution as the Bank of the United States. But the sum of sixty-eight millions of dollars, received by the government, was in a depreciated currency, not more than half as valuable as that in which the stock given in exchange for it, has been and will be redeemed. Here, then, is another loss of thirty-four millions, resulting, incontestably and exclusively, from the depreciation of the currency, and making, with the sum lost by the discount, forty-six millions of dollars. While, then, the government sustained this great pecuniary loss in less than three years of war, amounting annually to more than the current expenses of the government in time of peace, it is worth while to enquire who were the persons who profited to this enormous amount by the derangement of the currency? It will be found that the whole benefit of this speculation upon the necessities of the government was realized by stock-jobbers and money brokers, the very same class of persons who profited so largely by the business of commercial exchanges, in consequence of the disorders of the currency, and who have the same interest in the recurrence of those disorders as lawyers have in litigation, or physicians in the diseases of the human frame.— Having presented these general views of the evils which existed previous to the establishment of the Bank of the United States, it remains for the committee to enquire how far this institution has effected a remedy for those evils.

The first great question which arises under this branch of the inquiry is, whether or not the Bank has corrected the disorders of the circulating medium, by providing a paper currency, convertible into specie, at the pleasure of the holder, and of equal value with specie at all points of the Union?

The Chief Magistrate, in that part of his first message which relates to the Bank of the United States, expresses the opinion, that "it has failed

in the great end of establishing a uniform and sound currency." After giving to this opinion all the consideration to which it is so justly entitled, from the eminent station and high character of the citizen by whom it is entertained, the committee are constrained to express their respectful but decided dissent from it. It is true that the Bank does not, in all cases, redeem the bills issued by any one of its branches, indiscriminately at all the other branches; and it is in reference to this fact, as the committee presume, that the President expresses the opinion that the institution has failed to establish "a uniform and sound currency."

It is confidently believed, that no one of the persons who were principally instrumental in re-establishing the Bank, ever entertained an idea that it would attempt to redeem its bills at any of its offices, other than those by which they should be respectively issued. The charter certainly contains no such requirement, and it would have been highly inexpedient if it had, to say nothing of its obvious injustice. The inevitable effect of such a requirement would have been to compel the Bank to perform the whole of the commercial exchanges of the country, without any compensation. It would not be more unjust to require a Rail Road Company to transport all the productions of the country without compensation. No institution could so and such an operation; and it was the injudicious attempt of the first direction of the Bank to do it that principally contributed to the embarrassments of 1819. A committee was appointed by the House of Representatives in that year to investigate the management of the Bank; and in the report of that committee as well as in the discussions to which it gave rise in the House, this attempt of the direction to redeem the bills of the institution, indiscriminately, at all its branches, was indicated as one of the causes of the existing embarrassment. No one who participated in the debate pretended to allege that the Bank was bound to redeem its bills indiscriminately, or that it was expedient that it should do so.— The most that any one did was to apologise for the unwise attempt.

But it yet remains for the committee to show that this indiscriminate redeemability of the bills of all the branches of the Bank, is not necessary to "the establishment of a uniform and sound currency."

Human wisdom has never effected, in any other country, a nearer approach to uniformity in the currency than that which is made by the use of the precious metals. If, therefore, it can be shown that the bills of the United States Bank are of equal value with silver at all points of the Union, it would seem that the proposition is clearly made out that the Bank has accomplished "the great end of establishing a uniform and sound currency." It is not denied that the bills of the mother Bank and of all its branches, are invariably and promptly redeemed in specie, whenever presented at the offices by which they have been respectively issued, and at which, upon their face, they purport to be payable. Nor is it denied that the bills of the Bank, and of all the branches, are equal to specie in their respective spheres of circulation. Bills, for example, issued by the mother Bank, are admitted to be equal to silver in Pennsylvania, and all those parts of the adjacent States of which Philadelphia is the market. But it is contended that these bills, not being redeemable at Charleston and New-Orleans, are not of equal value with silver to the merchant who wishes to purchase cotton with them in those cities. Now if the Philadelphia merchant had silver, instead of bank bills, he certainly could not effect his purchases with it in Charleston or New-Orleans, without having the silver conveyed to those places; and it is equally certain that he could not have it conveyed there without paying for its transportation and insurance. These expenses constitute the natural rate of exchange between those cities, and indicate the exact sum which the merchant would give as a premium for a bill of exchange, to avoid the trouble and delay of transporting his specie. It is obvious, therefore, that, even for these distant operations of commerce, silver would be no more valuable than the bills of the bank, for these would purchase a bill of exchange on either of the cities mentioned, precisely as well as silver. If the operation should be reversed, and the planter of Louisiana or S. Carolina should desire to place his funds in Philadelphia with a view to purchase merchandise, he would find the bills of the branch bank in either of those States, entirely equivalent to silver in effecting his object. Even, therefore, if the Bank had not reduced the rate of the exchanges, it might be safely asserted that its bills would be of equal value with silver at every point in the Union, and for every purpose, whether local or general.

But it is impossible to exhibit any thing like a just view of the beneficial operations of the Bank, without adverting to the great reduction it has effected, and the steadiness it has superinduced, in the rate of the commercial exchanges of the country. Though this branch of the business of the Bank has been the subject of more complaint, perhaps, than any other, the committee have no hesitation in saying, it has been productive of the most signal benefits to the community and deserves the highest commendation. It has been already stated, that it has saved the community from the immense losses resulting from a high and fluctuating state of the exchanges. It now remains to show its effect in equalizing the currency. In this respect it has been productive of results more salutary than were anticipated by the most sanguine advocates of the policy of establishing the Bank.— It has actually furnished a circulating medium more uniform than specie. This proposition is susceptible of the clearest demonstration. If the whole circulating medium were specie, a planter of Louisiana, who should desire to purchase merchandise in Philadelphia, would be obliged to pay one per cent. either for a bill of exchange on this latter place, or for the transportation and insurance of specie. His specie at N. Orleans, where he had no present use for it, would be worth one per cent. less to him than it would be in Philadelphia, where he had a demand for it. But by the aid of the Bank of the United States, one half of the expense of transporting specie is now saved to him. The Bank, for one half of one per cent. will give him a draft upon the mother bank at Philadelphia, with which he can draw either the bills of that Bank, or specie at his pleasure. In like manner, the Bank and its branches will give drafts from any point of the Union to any other where offices exist at a per centage greatly less than it would cost to transport specie, and in many instances at par. If the merchant, or planter, however, does not choose to purchase a draft from the Bank, but prefers transmitting the bills of the office where he resides to any distant point, for commercial purposes, although these bills are not strictly redeemable at the point to which they are transmitted, yet as they are receivable in payment of all dues to the government, persons will be generally found willing to take them at par, & if they should not, the Bank will receive them frequently at par, and always at a discount much less than would pay the expense of transporting specie. The fact that the bills of the Bank and its branches are indiscriminately receivable at the Custom-houses and Land Offices, in payment of duties, and for the public lands, has an effect in giving uniformity to the value of these bills, which merits a more full and distinct explanation.

For all the purposes of the revenue it gives to the national currency that perfect uniformity, that ideal perfection, to which a currency of gold and silver, in so extensive a country, could have no pretensions. A bill issued at Missouri is of equal value with specie at Boston, in payment of duties; and the same is true of all other places, however distant, where the Bank issues bills, and the Government collects its revenue. When it is, moreover, considered, that the bank performs, with the most scrupulous punctuality, the stipulation to transfer the funds of the Government to any point where they may be wanted, free of expense, it must be apparent that the committee are correct, to the very letter, in stating that the bank has furnished, both to the government and to the people, a currency of absolutely uniform value in all places, for all the purposes of paying the public contributions, and disbursing the public revenue. And when it is recollected that the Government annually collects and disburses more than 23 millions of dollars, those who are at all familiar with the subject will at once perceive that bills, which are of absolutely uniform value for this vast operation, must be very nearly so for all the purposes of general commerce.

Upon the whole, then, it may be confidently asserted, that no country in the world has a circulating medium of greater uniformity than the United States: and that no country of any thing like the same geographical extent, has a currency at all comparable to that of the U. States on the score of uniformity. The committee have seen the statement of an intelligent traveller, who has visited almost every part of Europe, exhibiting the great variations of the currency in different parts of the same empire or Kingdom. In Russia, the bills of the Bank of St. Petersburg have a very limited circulation. At Riga, and throughout Courland, Livonia, & all the southern parts of the empire, the currency is exclusively of silver coins. In Denmark, the notes of the Bank of Copenhagen are current only in Zealand, the other islands, and Jutland, but will not pass at all in Sleswic & Holstein, which constitute the best portion of the kingdom. Since the Congress of Vienna, Germany is divided into 39 separate States, each having a distinct currency, though represented in the Diet at Frankfort. Out of the territory in which these several currencies are issued, they are mere articles of merchandise; which circumstance has given rise in every town to a numerous and distinct class of tradesmen, called money changers. How far these separate and unconnected currencies have a tendency to embarrass commerce, may be inferred from the fact, that a traveller going from St. Petersburg to Calais will lose upon the unavoidable changes of money an average of six per cent. In France, the bills of the bank are of such large denominations as to be adapted only to the greater operations of commerce, and are principally confined to the bankers and extensive traders in Paris. The general currency is silver, and, to avoid the trouble of carrying this to distant parts of the kingdom, gold pieces, or bills of exchange, which are preferable, are purchased at a premium of from one and a half to four per cent. After this brief view of the currencies of Europe, the committee will barely state, as a conclusive vindication of our currency from the imputation of unsoundness, that there is no point in the Union, at which a bill of the U. States' Bank, issued at the opposite extremity of the country, is at a discount of more than one fourth of one per cent.

(To be Continued.)