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"PRINCIPLES AND MEASURES, AND MEN BY THEIR PRINCIPLES."

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POLITICAL.

INDEPENDENT TREASURY BILL.

SPEECH OF MR. BENTON,

OF MISSOURI,

In Senate, Wednesday, March 14, 1838,

ON THE BILL TO SEPARATE THE GOVERNMENT FROM THE BANKS.

(*Continued.*)

The ruin of the exchanges, both foreign and domestic, was the next topic of lamentation which Mr. B. examined. He said that the short interval which had elapsed since the extra session had put an end to one branch of this lamentation—the branch of the foreign exchanges. At that session nothing but the recharter of the National Bank could turn the foreign exchanges in our favor, which, in May, were 22 against us. Gentlemen were just as positive of that, at the extra session, as they now are of the present total perdition of the country; yet in three brief months, and left to the operations of commerce, foreign exchange has regulated itself and is now at 4 or 5 per cent. nominal, giving a real difference in our favor of 5 or 6 per cent. If the Congress had yielded to the clamor got up for the recharter of the National Bank at the extra session, with what exultation would not this chamber, and the whole Union, have rang! We should never have heard the last of it. As it is, the word *foreign* exchange is not even mentioned. That branch of the lamentation has ceased. It is the *domestic* exchanges which now engross all concern. The revival of the great regulator is indispensable to their restoration. To hear these gentlemen, it would be supposed that domestic exchanges were never deranged before; that during the existence of the National Bank, all moneyed exchanges were level, and equal, and equable throughout the Union. Alas! that human memory is so short and treacherous. I have in my hand, sir, a comparative statement of domestic exchanges, in the bank note department, for the glorious year of 1826, when the Federal Administration was in the middle of its reign—when the Federal Bank in its meridian splendor—when the Senator from Kentucky, who now mourns the ruin of all things [Mr. CLAY] was in the Department of State—and when all the present orators of wo, or woful orators, as the case may be, rejoiced in the plenitude of power which their party then possessed, and celebrated the felicity of man on earth. This comparative table is made up from the prices current of Philadelphia—from the very seat and citadel of the great regulator itself—and what does it say? Listen to it, and it will tell you.

Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, and Connecticut, from 2 to 2 1-2 per cent. discount in December, 1826; from 1 1-2 to 2 in February, 1838. New York city, par then, and par now. Country banks of N. York, 1 1-2 to 2 per cent. discount then; par now. Baltimore, 1-2 then; 3 4 now. Western Virginia, 4 to 5 discount then; 2 1-2 to 3 now. North Carolina, 2 1 2 to 5 then; 2 1 2 to 3 now South Carolina, 1 1-2 to 2 then; 2 1-2 to 3 now. Georgia, 2 1-2 to 3 then; 3 1-2 to 4 now. Alabama, 10 to 15 then; 9 to 9 1-2 now. Louisiana, 5 to 6 then; 4 now. Mississippi, 10 to 16 then; 15 now. Tennessee, 10 to 20 then; 12 to 12 1-2 now Ohio, from 4 to 6 then; 3 1-2 to 4 now. Kentucky—(and at the name of Kentucky, Mr. B raised his voice, and repeated the name with great emphasis)—Kentucky, from 45 to 55, and from 55 to 35 per cent. discount then; from 3 1-2 to 4 discount now! Let no gentleman suppose there is any mistake of figures in this reference to Kentucky. There is more than one person present who was then in Kentucky, and knows that 50 per cent. was the common difference of exchange against her currency. I myself travelled in Kentucky in that period, & know the fact, and often saw the bills of travellers and others made out double—so much in specie, and so much in Kentucky paper—and the latter precisely the double of the former. Such is the result of the comparison between the year 1826 and the year 1838; in almost every instance decidedly in favor of the present day, and in the case of Kentucky ten to one more favorable to her now than then. Yet this Senate is to be lectured, and the people of the United State to be terrified, with a tale of the ruin of these exchanges, brought about by the misrule of a senseless, wicked, impracticable, and outlandish Administration. Such is the result; the same in exchanges as in commerce and in every thing else; the country incomparably better off than it ever was before. And yet grave Senators, or Senators who ought to be grave, are seen to rise in their places, compose their faces for the expression of wo, attune their voices for the communication of lamentable sounds, and then enact the part of Volney, sitting upon the ruins of Palmyra, and bewailing the downfall of states and empires.

I will grant you, continued Mr. B. that domestic exchanges are deranged at present,—much deranged, but not so much so as in 1826; and why are they deranged now? Because specie payments are suspended; let specie payments be resumed, and domestic exchanges instantly regulate themselves, and effect the regulation upon the simple and eternal principle of the expense of freight and insurance in the transportation of metalic money. The freight and insurance of silver, between any two extreme points in the United States, is 2 per cent.; and that is the fair exchange on silver between the extremities of the Union. The exchange on gold is less than half what it is on silver, the freight being so much less; and, in addition to all other arguments in favor of a gold currency, that of being the best regulater of exchange, is one of those which presents itself to the mind of every political economist.

Mr. B. would make a few observations upon this subject of domestic exchanges. It was a subject on which every body had got to talking within a few years past, and which was now thrust into every argument upon the question of the currency and finance All this has grown up since the Bank of the United States had undertaken to regulate these exchanges. More had been said and written on this subject since Mr. Biddle became president of the National Bank than in two hundred years before; more in fact than had been said upon it since the day that John Cabot first came in sight of the North American coast. And why? Because in the administration of that bank, immediately after Mr. Chéves left it, commenced the abuse and perversion of the business of exchange, which was soon imitated by local banks, until it has now become a means of extorting usury, transcending all other means of extortion, and brought to bear upon people who wish to borrow money, and not to sell bills, and many of whom never heard of a bill of exchange until they learnt that it was the only way in which money could be got out of a bank. The Legislature of Indiana has just made examinations upon this subject which show the nature of the abuse; but the practice of it was inconsiderable in that State compared to what it was in other places. The returns of the deposite banks, and of the Bank of the United States, show the extent of the practice: and referring to the last of these returns made before the suspension of specie payments, and the mass of dealings in these bills, and their excessive disproportion to ordinary loans, becomes impressively striking. I could name a bank, an interior one, not in a great city, nor even on a great river, in which the purchase of bills was $690,000, while the loans in the old way, on notes, were but $4,728 and 14 cents!

[Mr. BUCHANAN and other Senators here asked for the name of the bank.]

Mr. B. said his object was to expose a general practice, and not to exhibit particular instances; but as the name of this bank was called for, he would give it with the leave of the young Senator from Ohio [Mr. ALLEN;] it was the bank in the town of his residence, Chillicothe. But why mention particular instances where the practice is general? The returns of the Bank of the United States show that twenty odd millions were often out in domestic bills of exchange; the last returns of the deposite banks, before they suspended, showed that they had forty four millions out in that way; nine of them only had twenty-two millions in these bills; and in looking over the column of suspended debts, it is seen that default in payment chiefly occurred on this description of debts. Much of this is an abuse of exchange. Much of it is a mere mode of covering usurious loans. A citizen is forced to give a bill when he only wants to borrow; if he got the money as a loan on his note, he would pay nothing but interest, but getting it on a bill he has to pay exchange in addition to interest, and then commissions besides. Where the citizen is obliged to have the money, the bank can put the exchange at what it pleases, and so practice extortion and usury to any extent that it is willing. This business, as an abuse, began with the Bank of the United States under the administration of Mr. Biddle. It was one of my original objections to that bank. Its branches were engines for practising this abuse; and its own friends were among the first that ever complained to me about it. In the reform of the banking system, to the necessity of which the public mind is now waking up, this abuse of the business of domestic exchanges is entitled to the first notice. It is a vast system of usury, extortion, and oppression of the community, a total perversion of the business of a bank, and a source of enormous and illicit gains, enabling them, after dividing vast profits, to give to their presidents and cashiers, in many instances, salaries transcending those of our Heads of Departments, Vice President, and Chief Justice of the Supreme Court of the United States.

Mr. B. then adverted to the ruin of prices, which had figured so largely in gentlemen's speeches on the calamities of the country. Property, produce, labor—every thing, according to them, was now without price. But how was it in the fine times of Mr. Adam's administration? Compare the prices of the two periods. Pork, then $1 25 per hundred, in the western country; wheat, some 30 odd cents per bushel; flour, $3 a barrel; cotton, 8 or 9 cents a pound; and every thing else in the same proportion. The people remember all this, and read with astonishment the distress harangues which go forth from this floor. They know very well that all prices are better now, even when reduced to the specie standard, than they were in the time of the national bank, and under the Federal Administration. They have memory, and can recollect ten or twelve years back. Memory is the lowest attribute of the mind. It belongs even to irrational animals—to cattle. And yet the Federal gentlemen do not seem to know that the people have memory, much less reason and judgment; and here is the fault, or the misfortune, of the gentlemen of the Federal party They believe they monopolize all the intelligence of the country; and, by consequence that the people know nothing, and will have to believe all they hear; and, thereupon, they tell them most incredible things. Now this belief of a monopoly of all the intelligence extant, would be a very sweet conceit to indulge in privately, or even to point a Baccahanalian song, or grace a barbecue speech, or to swell the exultation of midnight orgies; but it is fatal to act upon it in the business of life. The fate of the panic makers of 1833, should warn them of that! when every panic making candidate for the Presidency, instead of killing Jackson and Van Buren, killed himself off of the list of candidates! And when the tug of war came, they were found to be, what the broken bank notes are in the Treasury, *an unavailable fund!* So may it be again. The people have memory, and knowledge, and reason, and judgment; and it will not do for politicians to treat them as wanton boys do young robins, when they throw them gravel in place of bread. The people know their own condition, and they see through the conduct of others. The farmers who were selling their produce in 1826 for the one third, the one-half, or the three fourths of what they are getting for it now, will not believe in the ruin of prices with which politicians assail their ears.

Mr. B. finished the comparison, or rather the contrasts, between the year of Republican *ruin*, and the period of Federal *prosperity*, with the expression of his confident belief that the fallacy of all the gentlemen's lamentations had been completely shown. There was no ruin, but in their own imaginations The year 1837, though not equal in the general activity of business to the bloated overaction of 1836, was yet transcendently superior to any year of Mr. Adams's administration Making a due allowance for an increase of population, and the superiority was still far beyond that increase.

Having vindicated General Jackson's Administration from the the imputation of having brought ruin upon the country, Mr. B. proceeded to notice some of the wars which he was charged with waging upon some public institutions and some branches of industry.—He was charged by two Senators on this floor [Messrs. TALLMADGE and CLAY] with having made war upon the late Bank of the United States; and one of these Senators [Mr. CLAY] had charged this war to the base motive of revenge, because he could not succeed in his attempts to seduce this virtuous institution into the field of politics, and into the support of his own political views. The first remark which I have to make upon this imputed war, is upon the new idea which it presents of the *right* of the bank to be continued in its existence, when to oppose that continuation of existence is deemed a violation of that *right*, and a commencement of hostilities upon the institution. General Jackson made no movement against the existing charter of the late bank; he made no attempt to impair, or destroy, the existing charter. The extent of his action was, to recommend to Congress the non-renewal of the charter, and afterwards, to disapprove the new charter which Congress had granted. This was the extent of his action—directed against a non existent, and not against an existing charter. According to the Republican reading of the Constitution, the President had a *right* to do these things, nay more, that it was his duty to make this recommendation, and to express this disapproval, if he thought the Constitution, or the public good, forbid the future existence of the bank. He had a clear right, under the Constitution, to do what he did; but according to the Federal reading of the Constitution, as exhibited by this objection, he had no such right; but was guilty of lawless violence, and waged war upon the institution, both in the recommendation, and in the exercise of the veto. This is the fair inference resulting from the accusation! Such is the progress of anti-republican ideas among us! ideas which go to invest a moneyed corporation with a rightful claim to a perpetuity of existence, and to stigmatize as *war* the constitutional exercise of Executive rights and duties.

With these remarks, to show the progress among us of ideas toward the royal doctrine of legitimacy, I come to the main inquiry—the truth of the charge itself. Is it true that General Jackson made war upon the Bank of the United States? Is it true that he was in favor of that institution, and only turned against it after his election to the Presidency, and after he had failed in an attempt to convert it into political machine, to subserve his own political purposes? These are the questions which are now to be answered, and happily, they will receive answers which will consign the charges to the lowest place in the deepest abyss of political calumnies. These charges first crept into daylight at the veto session of 1832, and attained their full form and shape at the famous panic session of 1833 '34 In both instances they emanated directly from the Bank of the United States itself; and in the matured form which they received in 1833, in a report of a committee of that bank, approved by the majority of its directory, they imported that, *immediately after the elevation of General Jackson to the Presidency, a meeting was held, of the principal chiefs, to consider of the means of perpetuating their new authority; and the possession of the bank was among the objects of the parties assembled. There was a combined effort to render the bank subservient to political purposes, and to break it if it could not be bent to these purposes.* This was the charge,—one very specific, and very susceptible of proof, if there was any truth in it. No proof, however, has ever been attempted by those who made it, and no other specification under it, but the forty times exploded misrepresentation about Jeremiah Mason, the President of the Portland branch bank. The cabinet meeting, and the application for the removal of Mr. Mason, are fixed for the spring of 1829; and as the whole attempted seduction or destruction, of the Bank, was then planned, and as far as seduction was concerned, was then fully tried, a date thereby presents itself which becomes the touchstone of the accusation. It is in the spring of the year 1829 that General Jackson has a meeting, and a consultation, and resolves to bend the bank to his purposes, or to break it; and it is in June of the same year that the vile seduction is attempted, and is so indignantly repulsed! Of course, from that time forward, General Jackson could feel nothing but resentment against the unseducible Mr. Biddle, and Mr. Biddle could feel nothing but abhorrence for the man that had attempted his honor. Now mark what havoc a few stubborn dates, and a few recorded facts, will make of all this fine romance! The spring of 1829 is the date of this ferocious resolution of seduction, or destruction, and of repulse at seduction. Now what does January of 1830 bring forth? A nomination to the Senate of the United States, by General Jackson, of this same Mr. Biddle to be one of the Government directors of the bank, and nominated at the head of the list, which was tantamount to nominating him for the presidency of the bank. In the Senate this nomination is unanimously voted for by the friends of General Jackson, and Mr. Biddle accepts the appointment thus conferred. This is one date and one fact. What next? Why, in January, 1831 President Jackson repeats the same nomination; his friends in the Senate give it the same unanimous vote, and Mr. Biddle repeats his acceptance of this repeated appointment. This is a second date, and a second fact. Is there any thing more? Yes, sir, another nomination—another unanimous vote for it—and another acceptance, in January, 1832. So that three times, in three years, after resolving on the destruction of Mr. Biddle and the bank—after resolving to bend the bank to his purposes, or to break it—this violent man, who will brook no opposition to his will, replaced the same Mr. Biddle as a Government director, and indicated him for the head of the institution; and three times, in three years, after this attempted seduction, did Mr. Biddle receive appointments at the hands of the man whom, he now gives us to understand, he held in abhorrence on account of that attempt.

Mr. President, there are cases in which the wise maxims of the law—the Mosaic, as well as the civil, and the common law—require an immediate cry, and will not listen to a stale accusation. The instance before us is one of those cases. The virgin bank should have screamed in June, 1829! It was too late to begin, faintly, in May, 1832 after it was known that the veto was resolved upon, and only rise to an audible shriek in December, 1833, after the deposites had been removed. Such long delayed complaint of outrage, and then a limping and halting complaint, under such circumstances, looks more like the accusation of revenge than the shriek of injured innocence. It looks like the accusation of Potiphar's wife against Joseph. No, sir! the accusation is false upon its face. It is proven to be false by dates and facts; but the proof does not stop here. I have another piece of evidence in my possession, of character still higher, and of effect still more conclusive, to be produced if the Senate pleases; it is a letter from General Jackson himself; and being a *letter*, it cannot be read except by the leave of the Senate. [Cries of leave, leave, leave, from different parts of the chamber] Mr. B would avail himself of the leave which was granted, and would read the letter; but he first chose to explain the circumstances under which it came to be written, We have many prophets in this time, said Mr. B. but most of them are *ex post facto* performers in the art of divination—foretelling most accurately the whole event after it had happened. I, on the contrary, have undertaken to practice a little in the old way—to divine ahead—to prophetize of a coming event; and so, when on my way to Congress last fall, I wrote to General Jackson from my steamboat in the Ohio river, to inform him of this attack which was to be made upon him in the Senate and to say to him that if he chose to answer it himself, and would write me a letter to that effect, I would dramatize the scene, when the attack was made, by introducing him to speak for himself. The attack has been made; and here is the answer, a letter from the Hermitage, dated November 29, 1837, all written in the old General's own hand, and written with the vigor and rapidity of an arm that was driving the British and the Indians before it. This is the letter:

"HERMITAGE, Nov 29, 1837.

"The charge made of my being friendly to the Bank of the United States until I found it could not be used to subserve my political purposes, when I turned against it, is one of the basest calumnies ever uttered. Such must all pronounce it who know any thing about me. I have ever opposed the establishment of this bank on grounds of both constitutionality and expediency.

"When the aristocratic few at Nashville first made a movement to obtain a branch there, they were forestalled by a law of the Legislature, imposing a heavy fine upon any bank that should attempt to do business within the limits of the State without being first chartered by the Legislature thereof. This provision of the Legislature had my cordial approbation, and prevented, while it continued in force, a location of the branch bank at Nashville; but it was afterwards repealed. I was absent at the time the subject of repeal was discussed, but reached the seat of Government the night before the final vote on its passage in the State Senate, and in time to expostulate with Robert C. Foster, Esq. then [illegible] ed him of the danger of repealing that law, and stated to him that the object of those who favored the repeal was the introduction of the United States Bank, and the results of the operation of this institution in Tennessee, would be to drain the State of its precious metals, for the benefit of the foreigners who held its stock. The circumstance that there was at this time but one or two individuals in this State who owned any stock of the institution, enabled me to press the argument on this score with considerable force. But Mr. Foster, if now appealed to, must vouch for the fact that my objections to the bank were founded principally on my conviction that its character was not authorized by the Constitution of the United States. My admonitions were, however, unheeded; the penalty was repealed; and, as I foresaw and predicted, steps were soon taken to obtain the location of a branch at Nashville. A memorial to this effect was presented to me for my signature, which I preemptorily refused to sign. General Cadwallader shortly afterwards came to Nashville as agent of the bank and visited and dined with me. My opposition to the bank, and repugnance to its establishment at Nashville, were, on this occasion, as free and unreserved as they had been before

"Some short period after the visit of General Cadwallader, when the branch was established, a recommendation for the appointment of two gentlemen to fill the places of its president and cashier was shown to me, with a request that I should state my knowledge of the character of these two gentlemen. The bank being established, and the people liable to be cursed with all its attendant evils, I expressed my confidence in the two gentlemen referred to, believing them to be honest, and that, as far as they had control over the institution, it would not be wielded for corrupt political purposes. This recommendation, I have been informed, has been used to prove my approbation of the establishment of this bank. So also has my agency in forwarding a memorial from the mercantile interest of Pensasola, in the year 1821, when I was the Governor of Florida. On this last occasion my hostility to the bank was freely expressed, but this did not restrain me from forwarding a memorial of the citizens for the establishment of a branch. As Governor of the Territory, I deemed it my duty to make known the wishes and feelings of the people, however different they were from my own.

"Having early imbibed the jealousy of those who framed the Constitution, in respect to the dangers of monopolies to the freedom of the citizen, and to the sovereignty and efficacy of our State Governments, I have been always unfriendly to the Bank of the United States. Nor have I stopped here. My views have been equally repugnant to the establishment of State banks of mere paper issues, as all must recollect who have any knowledge of my conduct as a citizen of Tennessee, and particularly of the part I took when its late State bank was incorporated. My position now is, and has ever been since I have been able to form an opinion on this subject, that Congress has no power to charter a bank and that the States are prohibited by the Constitution from issuing bills of credit, or granting a charter by which such bills can be issued by any corporation or other body."

Having read the letter, Mr. B. said he should make but three remarks upon it; *first*, that it contained a peremptory contradiction of this whole story of turning against the bank, because he could not bend it to his purposes; *secondly*, that it shows General Jackson to have been always opposed to any Bank of the United States, and against the recharter of the late one; *thirdly*, that it carries home a knowledge of all this to the bank itself in the person of its confidential agent, its frequent director, and the friend and connection of Mr. Biddle.

General Jackson is cleared of the foul imputation, and how stands the matter of fact with that bank? Is it, or is it not, a political machine, and as such constantly working with a political party, and with that party whose tenets favor the fundamental principles of that corporation? I hold the affirmative of these inquiries, and shall insist that the bank was created for a political machine; that it always has been and forever will be, such a machine; and that it belongs to the party whose latitudinarian doctrines, and whose passion for a strong and splended Government find a natural support in an institution whose principles are—concentration of wealth, exclusive privileges, monopoly, perpetuity of existence, irresponsibility to the people, and succession of membership. National banks owe their establishment, in these United States, to General Hamilton—a frank and a brave man, who scorned to deny or to dissemble his objects. He made his first report to Congress, in favor of a national bank, in December, 1791; and in that original proposition for creating the institution, he boldly avows its political character. These are his words: "*Such a bank is not a mere matter of private property, but a POLITICAL MACHINE of the highest importance to the State.*" Created then for a political machine, it immediately entered upon the fulfillment of its destination; and this first bank, thus created, is said by Marshall, in his Life of Washington, "To have contributed to that complete organization of those distinct and visible parties, which, in their long and dubious conflict for power, have since shaken the United States to their centre." A political machine, defining parties, and acting with the Federalists during the whole period of its existence, the first Bank of the United States sunk under the odium of its party character. The Republicans, in the ascendant, refused to renew its charter in 1811. The question of renewal, as the debates of the time fully show, largely turned upon the political character and conduct of the institution; and a member of the Senate, then and now on this floor, [Mr. Clay,] characterized the Federal Senators present as the *Macedonian phalanx* of the Bank.

The creation of the second bank in 1816, was also contested as a political institution, but with an almost total reversal of parties. Mr. Madison's administration in putting down the first bank, had committed the great error of falling back upon the local banks for a national paper currency. Instead of re-establishing the currency of the Constitution for the Federal Treasury, and especially restoring the gold currency, by correcting the erroneous standard of that metal, and thereby preserving an adequate supply of the precious metals for the use of the whole country, the great error was committed of falling back upon the paper currencies of the States. The fruit of that error was, the speedy reduction of the Federal Government to the use of broken bank paper, the involvement of the whole