DORCHESTER AURORA.

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

VOL. 3. CAMBRIDGE, MD.—MONDAY, APRIL 23, 1838. NO. 42.

DORCHESTER AURORA,

EDITED AND PRINTED BY

WM. H. BARROW.

TERMS—$2 50 a year, one-half to be paid upon the receipt of the first number. Subscribers may discontinue the paper at any time by paying for the time they have received it; but not without, except with the assent of the Editor.

Advertisements not exceeding a square, inserted three times for $1 00; each after insertion 25 cents—when larger, in proportion.

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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.*)

There is a concerted attempt at this time in the United States to decry specie; to ridicule it, to villify it, to suppress it, and to banish it. Gold, especially, is the object of the villification of this party—that gold which stands first named in the Constitution of the United States, and which, from the earliest records of the human race, has been the chosen money of the world. I do not envy that party their assiduous labors in the defamation of the precious metals. I do not fear the success of their exertions. I do not fear even that they will ever succeed in making themselves turn their backs upon the smallest piece of gold or silver which is offered for their acceptance. The necessity of an adequate supply of the precious metals is known and felt by the whole human race. It is the only money which it is safe for the body of the people to handle. It is the main basis for the operations of a bank; and it is the only standard or measure of values. One of the highest functions of money is to measure values. That is a function which paper cannot perform. The measure of values must itself possess intrinsic value, and must itself be free from sudden or material variations of value. It must have a uniform, and a universal value. As well might you attempt to make a measure of lengths out of that which has no length, a measure of weight out of that which has no weight, a measure of quantities out of that which has no capacity to hold any quantity, as to endeavor to make a measure of value out of that which has no intrinsic values. The precious metals alone can constitute a measure of values; paper money can measure the value of nothing, not even of itself; its own value is eternally measured by its relation—by its convertibility—into specie. Its want of intrinsic value, its liability to be made in any quantity, or to be diminished in any quantity, and its liability to total destruction, entirely disqualifies it for the high function of a measure of values.

The Constitution of the United States has vested Congress with authority to prescribe a uniform standard of weights and measures for the whole Union. Congress has not exercised that power; but the common feeling of the people has supplied the defect of Federal legislation. In all parts of the Union, they use the same weights and measures. A pound is a pound, a bushel is a bushel, a yard is a yard, from one end of the country to the other. The Constitution has also vested Congress with authority to regulate the value—not of *currency*, for there is no such word in the Constitution, nor any word which can be made to include *paper currency*—but to regulate the value of the coin of our own mint, and also of foreign coin. This power for forty-five years, that is to say, from 1789 to 1834, was so erroneously exercised as to undervalue gold six and two-thirds per cent. The consequence was the total exclusion of gold from our circulation. In 1834 this error was corrected; and the consequence *is*, that gold is in the full process of restoration to its constitutional place in our currency. With respect to foreign coins, instead of making them current as the Constitution intended they were nearly all excluded from circulation by the act of 1819. This false legislation was also corrected in 1834; and foreign coins now enter largely into our circulation. The year, 1834—the second year of General Jackson's second Presidential term—will be an era, a proud and glorious era, in the history of our constitutional currency. It will be the era of the reformation of the metalic currency. The year 1836, the last year of General Jackson's second term, will be another glorious epoch in our financial history. It was in that year that the promisory notes of a corporation ceased to be a lawful tender to the United States in discharge of all taxes, debt, and duties to her. The year 1836 is the epoch of this deliverance of the Federal Treasury from the dominion of a corporation; but the year 1832 divides the honor with it; for in that year was the blow struck—the heroic veto applied—which effected the deliverance. Three noble acts have been performed; but a fourth remains to be achieved to consummate the duties of the Federal Government in relation to the currency. The error of Mr. Madison's administration, at the expiration of the existence of the first Bank of the United States, must not be repeated. The notes of the local banks must not be made a national currency! That error ruined the currency in 1814 and in 1819, and the repetition of it again ruined it in 1837. Three times in twenty-five years, has that error deprived the Treasury of its revenues, the country of a measure of values, and rendered nugatory the uniformity of weights and measures, in which the whole Union had agreed. The effect upon the community has been the same as if every seller had possessed the privilege, and had exercised it, of altering his weights and measures at his pleasure; lengthening or shortening his yard stick; enlarging or reducing his bushel; diminishing or increasing his pound weight with every sale, and precisely as it suited his own interests in every instance. This is an enormous and crying evil the parent of unnumbered impositions upon the whole community, and especially upon the weaker part. In paying double for the necessaries of life, the effect has been precisely the same as if the purchaser had received but half a pound, half a yard, and half a bushel, when he paid for a full pound, a full yard, and a full bushel. But, sir, I drop this disquisition. The pursuit of it would carry me too far, at the present moment, into the workings of the paper system. I drop it with remarking, that the arbitrary debasement of the current coin, formerly practised by some European Kings, and latterly by some Turkish Sultans, was innocent and harmless, compared to the mischief done in our own country by the loss of a measure of values, and the consequent, or equivalent, destruction of all the measures of quantities. The thoughtless and inconsiderate, man, invested with no legislative character, may say, that paper money is lighter than gold and silver; that paper will buy any thing that gold and silver will buy; that he does not care what his money is made of, provided it will pay his debts. The unreflecting man may talk in this way; but the statesman must look at money in its exalted character of a measure of values; and if that measure is lost or destroyed by his management, he commits a great error, and inflicts a great injury upon the entire community. We have lost that measure. The Federal Government has occasioned its loss. The use of paper at the Federal Treasury has banished coin—has set an example which has been followed by all the States, and by every individual—until paper has banished coin, and made itself a forced tender in every payment. Paper money is now the actual currency of the land. It is the medium of all payments; and, being no measure of values, there is no stability of prices. Every thing fluctuates. Trade is subjected to the hazards of gambling. The remedy for this evil—the means for the re establishment of the measure of values—is for the Federal Government to use the true measure itself. In supplying itself with the true measure, it will cause the whole country to be supplied. No nation can saturate itself with gold and silver more easily than the United States. The hundred millions of exportable products, annually sent abroad—to say nothing of domestic mines, and the supplies brought in by emigrants—will bring back an annual supply of 12 or 15 millions. We have but to invite its presence, by creating a demand for it, and 8 or 10 millions of this amount will annually remain with us until the national supply is full and complete.

Mr. B. would examine some of the objection to the proposed bill. The able speeches which had been delivered by the numerous friends of the measure abridged his labor in this respect, and he should confine himself to brief notices of a few of the principal points. At the head of these objections stands the imposing assumption that the passage of the bill will inflict a severe wound upon the State banks; and entirely disable them to resume specie payments. This assertion is made by the whole body of the speakers on the opposite side; but they deal in assertion only—No explanation is given to justify it, and to show how it is that an array of eight hundred banks is to be thus mysteriously and powerfully affected. The amendment of the Senator from Virginia (Mr. Rives) only proposes to distribute the deposites among twenty five banks, so that seven hundred and seventy five would remain unprovided for, and, consequently subject to ruin under that plan. But there is a readier answer to this objection. The bill only proposes to remit these banks to the condition of the United States. They were in a complete state of divorce from the Federal Government, having no share of the public deposites, or any share in the privilege of paying the Federal revenue with their notes. They were contented with that condition, and affirm that they flourished under it; and such of them as wish for the establishment of a National Bank, are still in favor of that condition, and of being divorced from the Government. The only difference is that they will submit to a divorce imposed by the by laws of a Federal Bank, but will resist it coming from Congress. This answer is enough to explode the objection. It not only puts an end to it, but makes it ridiculous.—No further answer is necessary to be given; but a further answer is at hand, and will be given. It comes from an authoritative source. The report of the committee of the banks of New York, on the resumption of specie payments, made on the 28th of February last, and approved in a general meeting of the banks of the city, holds this language:

"In contemplation of the resumption of specie payments by the banks of the city of New York, on or before the tenth of May next, and under the uncertain contingency of a simultaneous or early resumption by the banks of some of the other great commercial cities it is incumbent on those of New York to adopt all the measures within the limits of their resources, which may enable them not only to resume, but also to maintain specie payments."

* * * * *

"The fall in the rate of foreign exchanges, now considerably below par in our city paper, renders it absolutely certain that no exportations of specie can take place, and more than probable that a considerable influx may be expected. The fact now indisputable, must have an effect on public opinion, and ought to remove the apprehensions of those who may have believed our efforts for an early resumption premature. Secure, as all the banks in the United States are, against foreign demands, we are justified in expecting their co-operation. If this is obtained, we do not perceive any obstacle to an early, easy, and safe resumption of specie payments."

* * * * *

"A continued suspension on the part of some of the other great commercial cities, can alone render the resumption on our part difficult, and may prevent a free application of the legitimate resources of New York. Yet such is the favorable relative state of the balances between this and the other parts of the Union that for the present, at least, but little need be apprehended from the effect of natural causes. Of deliberate acts of hostility, as there could be no motive for such, there should be no apprehension on our part. We trust that, supported by the community of this city, and by the State, the banks will be able to surmount all obstacles, and on or before the tenth of May to resume and maintain specie payments."

From this authentic report, it is seen that the banks of the city of New York have determined to resume specie payments on or before the 10th day of May next; that they ask nothing but the co operation, or forbearance, of other banks, and are afraid of nothing but the deliberate hostility of some non-resuming banks in other cities, that is to say, Mr. Biddle's banks in Philadelphia. This is the language of the banks in New York. They ask nothing, and they fear nothing, from the Federal Government. They fear nothing from the Sub-Treasury bill. They declare their only danger to be in the conduct of the non-resuming banks of some neighboring cities. Now, which is entitled to most credit in this contradiction of opinion, the N. York banks, or the politicians on this floor. Certainly it is a case in which the opinions of the banks must prevail. They know their own condition, they know the condition of others; they have the work of resumption to perform, and they say they can perform it. If they can, all other banks must be able to do it likewise, or must have imposed falsehoods upon the country when they stopped payment last May; for all then declared that they did not stop from their own weakness, but from the example of New York; and that they would be ready to resume whenever her banks did. This was the language of all, and of none more publicly and positively than that of Mr. Biddle's bank. The banks, then, upon their own showing, are all able to resume, and it is not for politicians who cannot be admitted to know the condition of the banks as well as the banks do themselves, and who have their own political objects to accomplish by prolonging the suspension—is is not for them to discover excuses for the future failure of the banks in the acts of a Government, the whole of whose acts are, in their eyes, full of folly and ruin. Even if these politicians stood before the country as sound judges, their judgment could not come in competition with the opinion of the banks. But they do not so stand. They do not stand as sound judges, but as frail and fallible partisans, whose habitual vilification of ruin from every act of the Government—whose thousand and one mistakes heretofore committed—whose burning desire to get into power by destroying the credit of those in power—must reduce them to the condition of permanent prophets of wo, predicting destruction, as a matter of course, from every thing which their adversaries do.

The establishment of a Treasury bank is the next great objection to the bill. It is declared to be a Treasury bank; and then a frightful picture of the evils of such a bank is drawn by each speaker, and held up to terrify the people. I thank them for this objection; it kills off four others which this party have made against this Administration, and on each of which they have insisted with all the vehemance with which they now urge this one. It kills off the whole charge of intending to establish a National Bank in New York; the whole charge of intending to impose the safety fund system upon the whole Union; the whole charge of intending to govern the country by a corrupt league of pet banks; and the whole charge of intending to impose an exclusively metallic currency upon the country. The establishment of a Treasury bank is inconsistent with these four charges, and, being the last charge, it kills off the others. In this, it does us good service. It shows what stuff the gentleman's charges are made of. It kills off four of their most serious charges at a blow; and now we will kill it off, and so finish five together. This can be done with two words; in the first place, there is not one feature of a Treasury bank in the bill; in the second place I pledge myself to vote to eradicate it, if gentlemen can show me a single feature.

Sensible that there is nothing in the bill to justify the objection, gentlemen fly off to suppositions, and charge a future design to erect a Treasury bank upon the foundation of an Independent Treasury, and to furnish the Government with boundless supplies of money, by the issue of exchequer bills in the shape of Treasury notes. To these imaginations of the gentlemen, I can only oppose positive denials, and wait for time to perform its office upon this accusation as it has done upon all that they have made for eight or nine years past. For one, I shall never vote for such a bank, nor for no other issue of Treasury notes.

A *third* objection is to the insecurity of the public moneys in the hands of the Government agents. Gentlemen suppose that the moneys will be much safer in the keeping of the banks, than in the custody of the officers appointed by the Government to keep them. This is an objection which both reason and experience rejects. Reason teaches us that a number of men acting together, will do that which each of them, innidividually, would scorn to do. Thus, a board of bank directors would do an act which each member of the board, in his own individual case, would spurn to do. Take the case of the thirty millions of the public deposites in the hands of the banks in May last. They were in the custody of boards of directors; and, as boards, the directors acted in refusing the restitution of these deposites to the Treasurer of the United States, and to the disbursing officers in whose names they stood. But suppose these thirty millions had been deposited with the members of the same boards in their individual capacities, their personal honor, to say nothing of their bonds and securities, bound for the restitution—they would have restored the amount to the last dollar, and left the deepest humilliation at the slightest delinquency.—Such would have been their conduct. An individual is a safer depository than a board; and far better would it be to confide the public deposites to any one single director of a bank, than to the whole together as a corporation. A corporation has no soul and no conscience: an individual director has both; and these, with his bonds and securities, would be the highest pledge for his fidelity. This is what reason teaches us. Now for experience.—We have Treasurers of the United States, and but one Treasury at a time. These Treasurers have passed through their hands, counting from the foundation of the government, about eight hundred millions of dollars. Has any part of these eight hundred millions been lost in their hands? No: not one cent! Again: we have Treasurers of the Mint, one at the time. These Treasurers have had the actual keeping, counting, and paying out, of seventy three millions of dollars in gold and silver. Has one piece of it been lost in their hands? No: not one! Under the bill before us, the mints are to be made depositories of the public moneys. Experience shows them to be safe places; their peculiar operation makes them proper places; and I wish we had three or four more of them, and then all the public moneys might be deposited in them.

But gentlemen, in support of their objection, made an assertion, and started an injury which has ended in a total overthrow of their position. They ventured upon a question of fact—a question of figures and records—a question to be answered by documentary evidence. It was to the comparative amount of past losses, whether the Government had lost most by using banks, or by trusting to their own fiscal agents; and in this inquiry gentlemen were bold in their affirmation that the comparison was to the disadvantage of the Government agents, and entirely in favor of the banks. How unfortunate for their argument this attempt to do honor to the banks! It has led to official inquiries at the Treasury Department, and here is the answer. It is a communication from the Secretary of the Treasury, dated Febuary 28th, of the present year.

"In answer to the first inquiry, as to "the amount of balances against all banks which have been used as public depositories that is not secured, or will probably be lost, adding thereto the estimated loss that has accrued by taking on public account depreciated bank notes." I would observe, that it is computed those balances so lost will be about $1,000,000, and the loss taking such notes about $5,500,000, making in the aggregate, $6,500,000. This is without the addition of any interest, as are the subsequent statements. If interest was cast on the above sums, the aggregate would exceed $13,000,000.

"The date on which this computation rests are, that the nominal balances against banks that have been public depos[illegible]s, and in default, are now, though excl[illegible] what stands to the credit of disbursing o[illegible]bout $7,000,000. Of this sum near[illegible]0 stands against old bank depositories [illegible]esidue against recent ones. The l[illegible]asury by taking depreciated no[illegible]15, '16, '17, is estimated at [illegible]0; and there is now on hand o[illegible] received and never paid awa[illegible] bout $80,000 more, as is m[illegible] in a report to the Senate f[illegible] ment made the 1st instant. [illegible] an aggregate of $12,580,00[illegible]

To these losses from loca[illegible] ded the sum of $233,422, to[illegible] interest of dividend due fro[illegible] United States, and withhel[illegible] claim for damages on the p[illegible] change on the French Gove[illegible] swer to the second branch o[illegible] thus:

"In answer to the second inquiry, as to the amount of the balances against all kinds of collecting officers which has not been secured and will probably be lost,' I have after careful examination, computed that it will not exceed from $900,000 to $1,200,000. From the long period coverod by these balances, connected with their great number, it must be obvious that the amount which has been wholly lost, cannot in many cases, be ascertained with accuracy.

"But the data for this estimate are as follows: The nominal amount of such balances is about $2,500,000. Schedules of most of them late as October, 1837, with certain explanations, may be seen in a report to the House of Representatives, made by this Department on the 16th January last; and another, with more detailed explanations, is now preparing, in conformity to a resolution of the Senate, passed the 15th instant. From the whole amount, there should first be deducted a sum for what has been ascertained to be probably secured or paid. This ranges from 1,000,000 to $1,150,000.

"Of the nominal balances, a further sum, equal to near $300,000, has never been put in suit: and, in most cases this is believed to have arisen from a knowledge that nothing would appear to be due when the vouchers were all offered, and the allowances made which were considered legal."

Thus stands the comparison between the banks and the collectors and disbursing agents; and the difference is more than five to one in favor of the collectors and these agents. In both instances, the comparison goes back to the foundation of the Government, and it is to be observed that the losses among the collectors almost entirely accrued under the old system, before the four years law took effect—that law which brings the accounts of every moneyed agent to a close every fourth year. This law, with other regulations at the Departments have nearly put an end to losses by collectors. In the War Department, in the disbursement of one hundred millions in the last fifteen years, there has not been the loss of a dollar. The other Departments have also been greatly improved. If the comparison had been confined to the last fifteen years, since the new law and the new regulations have been in force, it would have resulted still more to the discredit of the banks and to the honor of the Government agents. But it is not by the losses appearing on the Treasury books that this great question is to be answered. Those books only show the direct losses to the Government from the use of bank paper and banks as depositories; the indirect losses to the Government, and the losses to its creditors and to the whole community from the use of depreciated paper, must also, be taken into the account; and then the mischiefs from the use of these banks and their paper money appear in their enormous, incalculable, and appalling amount. Gentlemen of the Opposition have recurred with great commendation to the report of a committee to the House of Representatives, of which Mr. McDuffie was chairman, some seven or eight years ago, to show the evils of a Treasury bank—that phantom of which there is no existence any where but in their own imaginations. They produce his report with every commendation; of course they cannot object to its authority; and here is a paragraph taken from it which should begin to open their eyes, or the eyes of the country, to the magnitude of the losses from Government reliance on local banks and their paper money.

"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. 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."

[illegible] McDuffie says, and says truly, *in his* [illegible] forty six millions was [illegible] t loss [illegible] she ever furnished. A supply then of twenty odd millions of gold would meet all objections arising from the withdrawal of her currency, and that amount will be in the country before the present term of Mr. Van Buren's Administration expires, & double that amount in seven or eight years.

The loss to Government creditors was incredible from the use of depreciated paper during the late war. Even the Treasury notes were depreciated, in some parts, as low as 33 1-3 per cent. The loss to creditors from the use of bank notes, since May last, has also been great. The public moneys in the hands of the deposite banks were then 30 millions; the Government has been paying it out ever since, to the great profit of the banks, to the immense discredit of the Government itself, and to the heavy loss of many of its creditors.

But the money test cannot complete the comparison between the two classes of agents. Other considerations of great weight, and some of still graver character, belong to the subject. *First*, in point of amenability. The Government officers are amenable to the Government, subject to its laws and its orders; liable to summary proceedings for default, and to be pursued by execution wherever they go, and responsible in person and in property, themselves and all their securities, for all that is owing by them. Not so with the banks. They are the creations of the State Governments, subject to State laws, and having great influence over the enactment of State laws when concern themselves. The States may protect them and have protected them, against the Federal demands. They have passed acts to prevent the recovery of damages which the charters had fixed; and to prevent execution against the banks themselves, unless the creditors would consent to receive his debt in current bank notes. This is what has been done; it is what is now done; and here is the evidence of it.

Mr. B. then exhibited a document, obtained from the Department of State, containing the acts passed by the legislatures of different States since the suspension of specie payments in May last. They were passed in States where there were deposite banks, then holding about thirty millions of public money, standing in the name of the Treasurer of the United States, or in the names of disbursing officers. These acts, in some instances, reduced the damages which depositories and holders of notes were entitled to recover; and, in some instances, denied execution against the bank, unless the creditor would endorse upon it that current notes should be receivable. Mr. B. said he had seen no instance in which these acts made any exception in favor of the United States; and he read the titles of several of the acts, and the names of the States in which they were passed, and referred to the Senators from those States to say whether there were any exception. No Senator answerering in the affirmative, Mr B. resumed, and said that here was an insur-