Geo. Latrobe Esq.

EASTERN-SHORE WHIG AND PEOPLE'S ADVOCATE.

"THE PRICE OF LIBERTY IS PERPETUAL VIGILANCE."

NEW SERIES. EASTON, MARYLAND, TUESDAY, MARCH 27, 1838 VOL. IV.-NO. 13

THE WHIG AND PEOPLE'S ADVOCATE
is edited and published every
TUESDAY MORNING,
BY
GEO. W. SHERWOOD,
(PUBLISHER OF THE LAWS OF THE UNION.)

TERMS:—Two Dollars and Fifty Cents per annum, payable half yearly in advance

No subscription will be received for less than six months, nor discontinued until all arrearages are settled, without the approbation of the publisher

Advertisements not exceeding a square, inserted three times for one dollar, and twenty-five cents for every subsequent insertion—larger advertisements in proportion.

☞ All communications to insure attention should be *post paid*

POETRY.

From the Southern Literary Messenger.

LINES TO A WILD VIOLET;

FOUND IN THE WOODS OF ALABAMA.

By Henry Thompson.

Type of thy God, in nature drest,
Emblem of innocence and rest,
Why hid'st thou in the sunless glade
Those lonely tints which sure were made
To woo the light?
Hast thou too felt the cold world's scorn
The with'ring blight of rayless morn,
That thus within the woodland gloom,
In ivy shade you've wont to bloom,
So far from sight?
And wilt thou fade in lonely bower,
Pale, gentle, melancholy flow'r!
And die when leaves in vernal dearth
Shall kiss the cold and dewy earth
In autumn day?
Or wilt thou wither on MY heart
And there sweet sympathy impart,
And give beneath the dew of grief
Those lonely hues so bright and brief
To slow decay?
Ah! no, I will not thus intrude,
To mar thy gentle solitude,
For thou art pure and undefil'd,
Lonely and beautiful and wild,
A forest queen?
Bloom on in thy secluded dell,
Sweet flower! that loves alone to dwell,
And there within thy silent glade,
In God's own purity array'd,
Perish unseen.

Absence of Mind.—A tall man in Virginia, having held a conversation with another person of inferior dimensions, made a low bow to his cane which stood in one corner, and seizing his friend by the scalp walked off with him.

Another.—A drunkard being visited by a temperance agent just as he was about to take down his morning's bitters, kicked the decanter out of doors, and swallowed the agent.

Beautiful Comparison.—The Boston Pearl, says:—'Until the heart of woman is capable of settling firmly and exclusively on one object her love is like a shower, which *makes rainbows but fills no cisterns!*'

A woman in Lancaster, being told that candles had been raised two cents in the pound, on account of the war, said, "*Dang it, are they got to fighting by candle light?*"

A writer in one of the Reviews, was boasting that he was in the habit of *distributing literary reputation*. "Yes," replied a friend, "and have done it so profusely that you have *left none for yourself.*"

We find the following truelsms in one of our exchange papers.

An economical man is one who files away a newspaper for future reference.

A parsimonious man is one, that stops his paper to keep from paying a small pittance for it.

HARD TIMES.—'John, go to the pump and bring me a can of water—I am as dry as a fish.'

'So is the pump, father.'

METROPOLITIAN SQUATTING.—A poor Irishman, lately come over, was walking through the streets with his family, when the State House attracted his observation.

'Who does that house belong to?' asked he, of a representative.

'That belongs to all of us—it belongs to the public,' was the reply.

'Faith! does it?' said Pat, and he straightway bundled his little ones and his luggage into one corner of the capacious building, and could with difficulty be persuaded that he had not found eligible quarters for the winter.

A VALIANT HUSBAND.—An unfortunate married man was very ill-used by his Xantippe; he was even treated with an occasional thrashing. His friends rallied him upon this, and at last spurred him on to declare that he would make an effort to be master. One day, not long after, his better half was so furious that he found himself compelled to seek shelter under the table Just at this moment the voices of his friends were heard in the passage. 'Come out, come out,' cried the wife, fearful of an exposure. 'No, no,' cried the husband in triumph; 'come out, indeed, not I, I'll show for once that I am master!'

A DIALOGUE.

'Isaac have you paid the printers?' inquired the old lady of her husband, who was delighting the family circle by reading to them a fine newspaper—(excuse our blushes, for Editors are as modest as maidens.)

'No, Rebecca, I have not; answered the old man, adjusting his spectacles—'but you know it is only a trifle. The printers, I see give a very polite dun, but they cannot mean me, as I am one of their political friends, and at all events, my five dollars would be but a moiety to them.

'Well, Isaac, if all their subscribers were to say the same thing, the poor fellows might starve, unless they could conjure their types into corn, and their press into a flour mill. And surely you as their 'friend,' should be more punctual in paying them, than if you were their political enemy, besides, it would show your attachment for them and the good cause which they advocate.'

'I thought of settling my subscription when I was in town last,' said Isaac, wincing from the table,' 'but the money which I received for my produce was better than usual, and I disliked to part with it.'

'Why certainly, you would not pay them in bad money, Isaac.'

'No, my dear; but sometimes I am obliged to take uncurrent paper, and I prefer paying my debts with that, when I can get it off—O, these banks, these banks!—Any way—that sort would suit the printers just as well, as they don't keep it long. My neighbor Jenks said he passed off some on them that nobody else would take, and they did not refuse it.'

'Shame on you, Isaac,' exclaimed the good old lady—'You would not, I hope, imitate the example of that miserable fellow Jenks—why he would jew the Parson out of half his stipend, and pay the balance in trade.'

'Yet he paid the printers, grandma,' interrupted a little flaxen headed miss who stood beside her grandfather's knees.'

'Well, well; I will call and pay them,' said the gentleman, not a little nettled—'for an article I read in their paper the other day, was worth twice the amount of the subscription.

'And you know, grandpa, you said that that piece about the counterfeiters saved you twenty dollars, which you would have taken from the Yankee pedlar,' again interrupted the little girl.

'Yes, it did so Mary—and for that when I go to town, I'll pay off my old score, and next year in advance, into the bargain.

Mr. Isaac——kept his word, like an honest man. And whether because his conscience smote him, about the uncurrent money, or because he was convinced of the excellence of the arguments of his amiable spouse and rosy-cheeked grandchild, we cannot say;—be that as it may, we assure our readers that our pockets rang with the tangible proof of Isaac's probity and patronage until we paid our debts. Now, we feel assured, that if the good ladies in the town and country, and throughout all creation, as the most veritable nondescript Major Jack Downing, would say, only knew how the heart and hand of the poor printer is gladdened and warmed by the welcome salutation of such a man as Isaac, they would read this paragraph to their husbands, and say in the language of the good old book—'Go thou and do likewise.'

CONGRESSIONAL.

INDEPENDENT TREASURY BILL.

SPEECH OF MR. CALHOUN,

OF SOUTH CAROLINA,

In Senate February, 15, 1838—Upon the bill "to impose additional duties, as depositaries, upon certain public officers, to appoint Receivers Generals of public money, and to regulate the safe-keeping, transfer, and disbursement, of the public moneys of the United States."

I have now shown how it is proposed to form the league of banks, and have presented the constitutional impediments that stand in the way. These are numerous and strong; so much so, that they ought to be irresistible with all, except the latitudinous in construction; but I cannot expect they will produce their full effect. I know too well the force of long entertained impressions, however erroneous, to be sanguine—how strongly the mind rebels against the expulsion of the old and the admission of new opinions. Yet, in this case, where we clearly see how gradually and silently error crept in under the disguise of words applied to new and totally different ideas, without exciting notice or alarm; and when we have experienced such deep disasters in consequence of parting from the plain intent and meaning of the Constitution, I cannot but hope that all who believe that the success of the Government depends on a rigid adherence to the Constitution, will lay aside all previous impressions, taken up without reflection, and give to the objections their due weight.

I come now to the next point, to show how this league is to be revived or stimulated into life. Till this can be done, the substitute, should it become a law, would be a dead letter The selection is to be made from specie paying banks. None but such can receive the public deposites, or have their notes received in the dues of the Government. There are none such now. The whole banking system lies in animate, and must be vivified before it can be reunited with the Government. No one is bold enough to propose an union with this lifeless mass. How then is the vital spark to be revived? how the breath of life, the Promethean fire, to be breathed into the system anew, is the question? This is the task.

The mover tells us that it must be the work of the Government. He says that it is bound to aid the banks to resume payments; and for that purpose ought to hold out to them some *adequate inducement*. He tells us that they have been long preparing, and had made great efforts, but can go no farther; have rolled the round, huge rock almost to the summit, but unless the Government put forth its giant arm, and give the last push, it will recoil and rush down the steep to the bottom, and all past labor be lost. Now, what is this adequate inducement? What this powerful stimulus, which it is proposed the Government should apply, in order to enable the banks to accomplish this herculean task? The substitute shall answer.

It proposes to fix the 1st of July next for the period of resumption; and, as the inducement to resume, it proposes to select twenty-five of the most respectable and solid, out of the resuming banks, to be the depositories of the public moneys, and the fiscal agent of the Government, as has been already stated. It also proposes, and this is the stimulus,—the essence of the whole,—to make the notes of such banks as may resume on or before that day exclusively receivable in the public dues. Here is a *quid pro quo*; something proposed to be done, for which something is to be given. We tell the banks plainly, if you resume, we, on our part, stipulate to make twenty-five of you our fiscal agents and depositories of the revenue; and we further stipulate, that those who resume by the time fixed, shall have the exclusive privilege *for ever* of having their notes receivable in the dues of the Government, in common with gold and silver. If the banks perform their part, we shall be bound in honor and good faith to perform ours. It would be a complete contract, as obligatory as if signed, sealed, and delivered. Such is the inducement.

The next question is, will it be adequate? Yes, abundantly adequate. The battery is strong enough to awaken the dead to life; the consideration sufficient to remunerate the banks for whatever sacrifice they may be compelled to make, in order to resume payment. It is difficult to estimate the value of these high privileges, or prerogatives, as I might justly call them. They are worth millions. If you were to enter into a similar contract with an individual, I doubt not that he could sell out in open market for at least thirty, forty, or fifty millions of dollars. I do then the mover the justice to say, that his means are ample to effect what he proposes. As difficult as is the work of resumption—and difficult it will turn out to be when tried—the inducement will prove all sufficient. But the resumption, however desirable, may be purchased too dearly; and such would prove to be the case, should the project succeed. Not only is the offer too great, but the mode of effecting it is highly objectionable. Its operation would prove not less disastrous than the bargain has been shown to be unconstitutional, which I shall now proceed to establish.

The offer will have a double effect. It will act as a powerful stimulus to resumption, but will act at the same time with equal force to excite a struggle among the banks, not only to resume themselves, but to prevent others from resuming. The reason is clear. The advantage to each will increase, as the number of the resuming banks decreases; and of course, the great point of contest among the strong will be to restrict the proffered prize to the smallest number. The closer the monopoly the greater the profits In this struggle, a combination of a few powerful and wealthy banks, the most respectable and solid, as designated in the substitute, will overthrow and trample down the residue. Their fall will spread desolation over the land. Whatever may be the fate of others in this desperate contest, there is one in relation to which no doubt can be entertained: I refer to the United States Bank of Pennsylvania, a long name and a misnomer; and which, for the sake of brevity, but with no personal disrespect to the distinguished individual at its head, I shall call Mr. Biddle's bank. That, at least, will be one of the winners—one of the twenty-five to whom the prize will be assigned. Its vast resources, its wealth and influential connections, both at home and abroad, the skill and ability of the officer at its head, and, what is less honorable, the great resource it holds in the notes of the late United States Bank, of which more than six millions have been put into circulation, in violation, to say the least, of a trust, constituting more than five-sixths of all its circulation, and which it is not bound to pay—with the still greater amount on hand, making in the whole more than twenty-six millions, and, which may be used in the same way, if not prevented—would place it beyond all doubt among the victors.

He starts without proper weights, and will lead the way from the first. Who the others may be is uncertain; this will depend mainly upon his good will and pleasure. It may be put down as certain, whoever they may be, that they will be powerful and influential, and not unfavorable to his interest or aggrandizement. But the mischievous effect will not be limited to this death-like struggle, in which so many must fall and be crushed that might otherwise weather the storm. The forced resumption, for such it will be in effect, would be followed by wide-spread desolation. It is easy to sink to suspension, but hard to return to resumption. Under the most favorable circumstances, and when conducted most leisurely and cautiously, the pressure must be severe; but, if coerced or precipitated by bankrupt laws or temptations such as this, it will be ruinous. To make it safe and easy must be the work of time. Government can do but little. The disease originates in excessive indebtedness and the only remedy is payment or reduction of debts. It is estimated that when the banks suspended payments, the community was indebted to them the enormous sum of $475,000,000. To reduce this within the proper limits, is not the work of a few days, and can be but little aided by us. The industry, and the vast resources, of the country, with time, are the only remedies to be relied on for the reduction; and to these, with the State Legislatures and the public opinion, the resumption must be left. To understand the subject fully, we must look a little more into the real cause of the difficulty.

This enormous debt was incurred in prosperous times. The abundant means of the banks from the surplus revenue, and a combination of other causes, induced them to discount freely. This increased the circulation, and, with its increase, its value depreciated, and prices rose proportionably. With this rise, enterprise and speculation seized the whole community, and every one expected to make a fortune at once; and this in turn gave a new impulse to discounts and circulation, till the swelling tide bursted its barriers and deluged the land. Then began the opposite process of absorbing the excess. If it had been possible to return it back to the banks, the sources from which flowed, through its debtors, the speculating, enterprising, and business portion of the community, the mischief would have been, in a great measure, avoided. But circulation had flowed off into other reservoirs; those of the moneyed men and bankers, who hoard when prices are high, and buy when they are low. The portion thus drawn off and held in deposite, either in banks or the chests of individuals, was as effectually lost, as far as the debtors of the banks were concerned, as if it had been burnt. The means of payment were thus diminished; prices fell in proportion, and the pressure increased as they fell. Though the amount in circulation be greatly reduced, yet the banks are afraid to discount, lest, on resumption, the hoarded mass of deposites held by individuals or other banks, should be let loose, and, in addition to what might be put into circulation should discounts be made, would cause another inundation to be followed by another suspension. How is this difficulty to be safely surmounted, but by unlocking the hoarded means? And how is this to be done, without deciding the currency question? This is the first and necessary step. That done, all will be able to calculate, and determine what to do. The period of inaction and uncertainty would cease, and that of business revive. Funds that are now locked up, would be brought again into operation, and the channels of circulation be replenished in the only mode that can be done with safety. Thus thinking, I am now and have been from the first in favor of an early decision, and averse to all coercion, or holding out temptation to resume: leaving the disease to the gradual and safe operation of time, with as little tampering as possible. In the mean time, I hold it to be unwise to cease discounting, and to adopt an indiscriminate system of curtailment. Its effects are ruinous to the business of the country, and calculated to retard, rather than to accelerate a resumption. The true system, I would say, would be to discount with business paper as freely as usual, and curtail gradually on permanent debts. The former would revive business, and would increase the debts to the banks less than it would increase the ability of the community to pay them.

Having now shown how this league, or combination of banks, is to be formed and revived, with the difficulties in the way, it remains to determine what will be the true character and nature of the combination when formed. It will consist of State banks retaining their original powers, that of discounting and all, without being in the slightest degree impaired. To these the substitute proposes to add important additions: to receive their notes as gold and silver in the public dues; and to give them the use of the public deposites, and to organize and blend the whole into one, as the fiscal agent of the Government, to be placed under the immediate supervision and control of the Secretary of the Treasury. Now what does all this amount to? Shall I name the word—be not startled: A BANK—a Government bank—the most extensive, powerful and dangerous, that ever existed. This substitute would be the act of incorporation; and the privileges it confers, so much additional banking capital, increasing immensely its powers, and giving it an unlimited control over the business and exchanges of the country.

The Senator from Virginia (Mr. RIVES) was right in supposing that this new trial of the experiment would be made under very different circumstances from the first, and would have a different termination. That, too, like this, was a bank—a Government bank, as distinguished from the late bank, to which it was set up as rival, and was at the time constantly so designated in debate. But the circumstances now are indeed different—very different, and so would be the result of the experiment. This bank would not be the same rickety concern as the former. That ended in anarchy, and this would in despotism. I will explain.

The former failed not so much in consequence of the adverse circumstances of the times, or any essential defect in the system, as from the want of a head—a common sensorium—to think, to will, and decide, for the whole, which was indispensably necessary to ensure concert and give unity of design and execution. A head will not be wanting now. Mr. Biddle's bank will supply the defect. His would be not only one of the resuming banks, as I have shown, but would also be one of the twenty-five to be selected. If there should be the temerity to omit it, the present project would share the fate of its predecessor. Mr. Biddle's bank, at the head of those excluded, would be an overmatch for the selected, in skill, capital and power; and the whole league would inevitably be overthrown; but if selected, the position of his bank in the league would be certain. Its vast capital, its extensive connections, its superior authority, and his skill, abilities and influence, would place it at the head, to think and act for the whole. The others would be as dependent on his, as the branches of the late bank were on the mother institution. The whole would form one entire machine, impelled by a single impulse, and making a perfect contrast with its predecessor in the unity and energy of its operations.

Nor would its fate be less dissimilar. Anarchy was inscribed on the first from the beginning. Its deficiency in the great and essential, element, to ensure concert, was radical, and could not be remedied. Its union with the Government could not supply it, nor avert its destiny. But very different would be the case of the present. Add its intimate union with the Government, for which the substitute provides, to its other sources of power, and it would become irresistible. The two, Government and bank, would unite and constitute a single power; but which would gain the ascendency—whether the Government would become the bank, or the bank the Government is neither certain nor material; for which ever it might be, it would form a despotic money-cracy, (if I may be permitted to unite an English and a Greek word,) altogether irresistible.

It is not a little surprising that the Senator from Virginia, (Mr. RIVES,) whose watchful jealousy could detect, as he supposed, the embryo of a Government bank in the bill, should overlook this regular incorporation of one by his own substitute. Out of the slender materials of Treasury warrants and drafts to pay public crediiors, or transfer funds from place to place, as the public service might require and four principal receivers to keep the public money, he has conjured up, with the aid of a vivid imagination, a future Government bank, which he told us, with the utmost confidence, would rise like a cloud, at first as big as a hand, but which would soon darken all the horison. Now, it is not a little unfortunate for his confident predictions, that these seminal principles from which the bank is to spring, have all existed from the commencement of our Government in full force, except the four receivers; without showing the least tendency to produce the result he anticipates. Not only ours, but every civilized Government has the power to draw Treasury warrants and transfer drafts; nor has the power in a single instance terminated in a bank. Nor can the fact, that the money is to be kept by receivers contribute in the least to produce one. The public funds in their hands will be as much beyond the control of the Executive, as it was in the vaults of the banks. But, to shorten discussion, I would ask, how can their be a bank without the power to discount or to use the deposites? and out of which of the provsions of the bill could the Treasury by and possibility, obtain either; under the servere penalties of the bill, which prohibits the touching of the public money, except on warrants or drafts drawn by those having authority, in due form, and for the public service.

But the danger which an excited imagination anticipates hereafter from the bill would exist in sober reality under the substitute There it would require neither fancy nor conjecture to create one. It would exist, with all its facilities and endowments complete; discount, deposities and all; with which, immense means, guided by a central and directing head and blended and united with the Government, so as to form one great mass of power. What a contrast with the bill! How simple and harmless the one, with its four principal receivers, twice as many clerks, and five inspectors, compared with this complex and mighty engine of power! And yet there are many, both intelligent and patriotic, who opposes the bill and support the substitute, on the ground that the former would give more patronage and power than the latter. How strange and wonderful the diversity of the human mind!

So far from being true, the very fact of the separation of the Government from the banks, provided for in the bill, would, of itself, be the most decisive blow that could be given against Government patronage, and the union of the two the most decisive in its favor. When their notes are received in the public dues as cash, and the public money deposited in their vaults, the banks become the *allies* of the Government on all questions connected with its fiscal action. The higher its taxes and duties, the greater its revenue and expenditure; and the larger its surplus, the more their circulation and business, and, of course, the greater their profit; and hence, on all questions of taxation and disbursements, and the accumulations of funds in the Treasury, their interests would throw them on the side of the Government, and against the people.

All this is reversed, when separated. The higher the taxation and disbursments, and the larger the surplus, the less would be their profit; and their interest in that case would throw them with the people, and against the Government. The reason is obvious. Specie is the basis of banking operations; and the greater amount they can command, the greater will be their business and profits; but when the Government is separated from them, and collects and pays away its dues in specie instead of their notes, it is clear that the higher the taxes and disbursements, and the greater the surplus in the Treasury, the more specie will be drawn from the use of the banks, and the less will be left as the basis of their operations, and, consequently, the less their profit Every dollar withdrawn from them would diminish their buisiness four-fold at least; and, hence a regard to their own interest would inevitably place them on the side to which I have assigned them.

The effects on the politics of the country would be great and salutary. The weight of the banks would be taken from the side of the *tax consumers*, where it has been from the commencement of the Government; and placed on the side of the *tax payers*. This great division of the community necessarily grows out of the fiscal action of the Government. Take taxation and disbursement together, and it will always be found that one portion of the community pays into the Treasury, in the shape of taxes, more than it receives back in that of disbursments, and that another receives back more than it pays. The former are the tax payers, and the latter the consumers; making the great, essential and controlling division in all civilized communities. If, with us, the Government has been thrown on the side of the consumers, as it has, it must be attributed to its alliance with the banks, whose influence has been, in consequence, at all times, steadily and powerfully on that side. It is to this mischievous and unholy alliance that may be traced almost all the disasters that have befallen us, and the great political degeneracy of the country. Hence the protective system; hence its associated and monstrous system of disbursements; hence the collection of more money from the people than the Government could require; hence the vast and corrupting surpluses, hence Legislative and Executive usurpations; and finally, hence the prostration of the currency and the disasters which give rise to our present deliberations, Revive this fatal connection, adopt this substitute, and all this train of evils will again follow, with redoubled disasters and corruption. Refuse the connection, adopt this bill and all will be reversed, and we shall have some prospect of restoring the Constitution and country to their primitive simplicity and purity. The effect of the refusal on the patronage of the Government would be great and decisive. Burke has wisely said that the "revenue is the State in modern times." Violence and coercion are no longer the instruments of Government in civilized communities. Their reign is past. Every thing is now done by money. It is not only the sinews of war, but of politics; over which, in the form of patronage, it exercises almost unlimited control. Just as the revenue increases or diminishes, almost in the same proportion is patronage increased or diminished.

But admit, for a moment, that neither the separation nor the connection would have any sensible effect to increase or diminish the revenue, and that it would be of the same amount, whether the bill or substitute should be adopted yet, even on that supposition, the patronage of the latter would be a hundred fold greater than the former. In estimating the amount of patronage of any measure, three particulars must be taken into the calculation; the number of persons who may be effected by it; their influence in the community, and the extent of the control exercised over them. It will be found, on comparison, that the substitute combines all these elements in a fair greater degree than the bill, as I shall now proceed to show. I begin with the number.

The bill provides, as has been stated, for four principal receivers, eight or ten clerks, and a suitable number of agents to act as inspectors, making in the whole, say 25 individuals. These would constitute the only additional officers to keep and disburse the public money. The substitute, in addition to the officers now in service, provides for the selection of 25 banks, to be taken from the most powerful and influential, and which would have, on an average, at the least, 100 officers and stockholders each, making, in the aggregate 2,500 persons, who would be directly interested in the banks, and, of course, under the influence of the Government.

As to the relative influence of the officers and the selected banks, and, of course, under the influence of the Government.

As to the relative influence of the officers and the selected banks over the community, every impartial man must acknowledge that the preponderance would be greater on the side of the latter. Admitting the respectability of the receivers and the other officers provided for in the bill, and the officers & stockholders of the banks to be individually the same, still the means of control at the disposition of the former would be as nothing compared to that of the latter. They could not touch a cent of public money. Their means would be limited to their salary, which would be too small to be felt in the community. Very different would be the case with the officers and stockholders of the banks. They, of all persons, are by far the most influential in the community. A greater number depend on them for accommodation and favor, and the success of their business and prospects in life, than any other class in society; and this would be especially true of the banks connected with the Government.

It only remains now to compare the extent of the control that may be exercised by the Government over the two, in order to complete the comparison; and here again the preponderance will be found to be strikingly on the same side The whole amount of expenditure under the bill would not exceed $30,000 or $40,000 annually at the very farthest; and this constitutes the whole amount of control which the Government can exercise.—There would be no perquisites, no contracts, jobs, or incidental gains. The officers and salaries would be all. To that extent, those who may hold them would be dependent on the Government and thus far they may be controlled. How stands the account on the other side? What value shall be put on the public deposites in the banks? What on the receivability of their notes, as cash, by the Government? What on their connection with the Government, as their fiscal agent, which would give so great a control over the exchanges and business of the country? How many millions shall these be estimated at, and how insignificant must the paltry sum of $30,000 or $40,000 appear to those countless millions held under the provisions of the substitute at the pleasure of the Government.

Having now finished the comparison as to the relative patronage of the two measures, I shall next compare them as fiscal agents of the Government; and here let me say, at the outset, that the discussion has corrected an error which I once entertained. I had supposed that the hazard of keeping the public money under the custody of officers of the Government would be greater than in bank. The Senators from New Hampshire and Connecticut, (Messrs. Hubbard and Niles) have proved from the record, that the hazard is on the other side; and that we have lost more by the banks than by the collecting and disbursing officers combined. What can be done to increase the security by judicious selections of officers, and proper organization, is strongly illustrated by the fact stated by the chairman (Mr. Wright) in his opening speech, that in the War Department there has been no loss for fifteen years—from '21 to '36—on an expenditure certainly not less than one hundred millions of dollars. I take some pride in this result of an organization which I originated & established when Secretary of War, against the most formidable opposition.

As to the relative expense of the two agencies, that of the bill, as small as it is, if we are to judge by *appearances*, is the greatest; but if by *facts*, the substitute would be much the most so, provided we charge it with all the advantages which the banks would derive from their connection with the Government, as *ought in fairness* to be done, as the whole ultimately comes out of the pockets of the people.

In a single particular the banks have the advantage as fiscal agents. They would be the more convenient. To this they are entitled, and I wish to withhold from them no credit, which they may justly claim.

The Senator from Virginia, (Mr. Rives) appeared to have great apprehension, that the collection of the public dues in specie might lead to hoarding. He may dismiss his fears on that head It is not the genius of modern and civilized Governments to hoard; and if it were, the banks will take care that there shall be no extraordinary accumulation of cash in the Treasury. Pass the bill, and I underwrite that we shall never again have to complain of a surplus. It would rarely, if ever, in peace and settled times, exceed three or four millions at the outside. Nor is his apprehension that hoarding of specie would lead to war, less groundless. The danger is in another quarter. War is the harvest of banks, when they are connected with Government. The vast increase of revenue and expenditures, and the enormous public loans, which necessarily ensure mainly to their advantage, swell their profits in war to the utmost limits. But separate them from Government, and war would then be to them a state of famine, for reasons which must be apparent after what has been said, which would throw their weight on the side of peace and against war, just as certainly, as I have shown, that the separation would throw it on the side of tax-payers, and against the tax-consumers.

I come now to the comparison of the effects of the two measures on the currency of the country. In this respect the Senator from Virginia (Mr. RIVES) seemed to think that his substitute would have a great superiority over the bill, but his reasons were to me wholly unsatisfactory. If we are to judge from experience, it ought to be pronounced to be the worst possible measure. It has been in operation but twice (each for but a few years) since the commencement of the Government; and it has so happened, that the only two explosions of the currency occurred during these periods. But, without relying on these disastrous occurrences, we have seen enough to satisfy the most incredulous that there are great and radical defects in our bank circulation, which no remedy heretofore applied has been able to remove. It originates in the excess of paper, compared to specie, and the only effective cure is to increase the latter, and reduce the former; and this the substitute itself impliedly acknowledges, by proposing a remedy that would prove wholly inoperative. It proposes that, after a certain period mentioned, none of the banks to be selected should issue notes under ten dollars. The effects would clearly be, not a diminution of the circulation of small notes, but a new division of the banking business, in which the issue of large notes would fall to the lot of the selected banks and the small to the others, without restricting, in the least, the aggregate amount of paper circulation.

But what the substitute would fail to do, the bill would effectually remedy. None doubt but the separation from the banks would greatly increase the proportion of specie to paper: but the Senator from Virginia (Mr. RIVES) apprehends, that its operation would

©Maryland State Archives, msa_sc4925_scm13074-0958