

## A REDEEMABLE PAPER CURRENCY.

FROM A SPEECH DELIVERED IN THE SENATE OF THE UNITED STATES, ON  
THE 22<sup>D</sup> OF FEBRUARY, 1834.

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MR. PRESIDENT, — The honorable member from Georgia stated yesterday, more distinctly than I have before learned it, what that experiment is which the government is now trying on the revenues and the currency, and, I may add, on the commerce, manufactures, and agriculture of this country. If I rightly apprehend him, this experiment is an attempt to return to an exclusive specie currency, first, by employing the State banks as a substitute for the Bank of the United States; and then by dispensing with the use of the State banks themselves.

This, Sir, is the experiment. I thank the gentleman for thus stating its character. He has done his duty, and dealt fairly with the people, by this exhibition of what the views of the executive government are, at this interesting moment. It is certainly most proper that the people should see distinctly to what end or for what object it is that so much suffering is already upon them, and so much more already in visible and near prospect.

And now, Sir, is it possible, — is it possible that twelve millions of intelligent people can be expected voluntarily to subject themselves to severe distress, of unknown duration, for the purpose of making trial of an experiment like this? Will a nation that is intelligent, well informed of its own interest, enlightened, and capable of self-government, submit to suffer embarrassment in all its pursuits, loss of capital, loss

of employment, and a sudden and dead stop in its onward movement in the path of prosperity and wealth, until it shall be ascertained whether this new-hatched theory shall answer the hopes of those who have devised it? Is the country to be persuaded to bear every thing, and bear patiently, until the operation of such an experiment, adopted for such an avowed object, and adopted, too, without the co-operation or consent of Congress, and by the executive power alone, shall exhibit its results?

In the name of the hundreds of thousands of our suffering fellow-citizens, I ask, for what reasonable end is this experiment to be tried? What great and good object, worth so much cost, is it to accomplish? What enormous evil is to be remedied by all this inconvenience and all this suffering? What great calamity is to be averted? Have the people thronged our doors, and loaded our tables with petitions for relief against the pressure of some political mischief, some notorious misrule, which this experiment is to redress? Has it been resorted to in an hour of misfortune, calamity, or peril, to save the state? Is it a measure of remedy, yielded to the importunate cries of an agitated and distressed nation? Far, Sir, very far from all this. There was no calamity, there was no suffering, there was no peril, when these measures began. At the moment when this experiment was entered upon, these twelve millions of people were prosperous and happy, not only

beyond the example of all others, but even beyond their own example in times past.

There was no pressure of public or private distress throughout the whole land. All business was prosperous, all industry was rewarded, and cheerfulness and content universally prevailed. Yet, in the midst of all this enjoyment, with so much to heighten and so little to mar it, this experiment comes upon us, to harass and oppress us at present, and to affright us for the future. Sir, it is incredible; the world abroad will not believe it; it is difficult even for us to credit, who see it with our own eyes, that the country, at such a moment, should put itself upon an experiment fraught with such immediate and overwhelming evils, and threatening the property and the employments of the people, and all their social and political blessings, with severe and long-enduring future inflictions.

And this experiment, with all its cost, is to be tried, for what? Why, simply, Sir, to enable us to try another "experiment"; and that other experiment is, to see whether an exclusive specie currency may not be better than a currency partly specie and partly bank paper! The object which it is hoped we may effect, by patiently treading this path of endurance, is to banish all bank paper, of all kinds, and to have coined money, and coined money only, as the actual currency of the country!

Now, Sir, I altogether deny that such an object is at all desirable, even if it could be attained. I know, indeed, that all paper ought to circulate on a specie basis; that all bank-notes, to be safe, must be convertible into gold and silver at the will of the holder; and I admit, too, that the issuing of very small notes by many of the State banks has too much reduced the amount of specie actually circulating. It may be remembered that I called the attention of Congress to this subject in 1832, and that the bill which then passed both houses for renewing the bank charter contained a provision designed to produce some restraint on the circulation of very small

notes. I admit there are conveniences in making small payments in specie; and I have always, not only admitted, but contended, that, if all issues of bank-notes under five dollars were discontinued, much more specie would be retained in the country, and in the circulation; and that great security would result from this. But we are now debating about an exclusive specie currency; and I deny that an exclusive specie currency is the best currency for any highly commercial country; and I deny, especially, that such a currency would be best suited to the condition and circumstances of the United States. With the enlightened writers and practical statesmen of all commercial communities in modern times, I have supposed it to be admitted that a well regulated, properly restrained, safely limited paper currency, circulating on an adequate specie basis, was a thing to be desired, a political public advantage to be obtained, if it might be obtained; and, more especially, I have supposed that in a new country, with resources not yet half developed, with a rapidly increasing population and a constant demand for more and more capital, — that is to say, in just such a country as the United States are, I have supposed that it was admitted that there are particular and extraordinary advantages in a safe and well regulated paper currency; because in such a country well regulated bank paper not only supplies a convenient medium of payments and of exchange, but also, by the expansion of that medium in a reasonable and safe degree, the amount of circulation is kept more nearly commensurate with the constantly increasing amount of property; and an extended capital, in the shape of credit, comes to the aid of the enterprising and the industrious. It is precisely on this credit, created by reasonable expansion of the currency in a new country, that men of small capital carry on their business. It is exactly by means of this, that industry and enterprise are stimulated. If we were driven back to an exclusively metallic currency, the necessary and inevitable conse-

quence would be, that all trade would fall into the hands of large capitalists. This is so plain, that no man of reflection can doubt it. I know not, therefore, in what words to express my astonishment, when I hear it said that the present measures of government are intended for the good of the many instead of the few, for the benefit of the poor, and against the rich; and when I hear it proposed, at the same moment, to do away with the whole system of credit, and place all trade and commerce, therefore, in the hands of those who have adequate capital to carry them on without the use of any credit at all. This, Sir, would be dividing society, by a precise, distinct, and well-defined line, into two classes; first, the small class, who have competent capital for trade, when credit is out of the question; and, secondly, the vastly numerous class of those whose living must become, in such a state of things, a mere manual occupation, without the use of capital or of any substitute for it.

Now, Sir, it is the effect of a well-regulated system of paper credit to break in upon this line thus dividing the many from the few, and to enable more or less of the more numerous class to pass over it, and to participate in the profits of capital by means of a safe and convenient substitute for capital; and thus to diffuse far more widely the general earnings, and therefore the general prosperity and happiness, of society. Every man of observation must have witnessed, in this country, that men of heavy capital have constantly complained of bank circulation, and a consequent credit system, as injurious to the rights of capital. They undoubtedly feel its effects. All that is gained by the use of credit is just so much subtracted from the amount of their own accumulations, and so much the more has gone to the benefit of those who bestow their own labor and industry on capital in small amounts. To the great majority, this has been of incalculable benefit in the United States; and therefore, Sir, whoever attempts the entire overthrow of the system of bank credit aims a deadly blow at the interest

of that great and industrious class, who, having some capital, cannot, nevertheless, transact business without some credit. He can mean nothing else, if he have any intelligible meaning at all, than to turn all such persons over to the long list of mere manual laborers. What else can they do, with not enough of absolute capital, and with no credit? This, Sir, this is the true tendency and the unavoidable result of these measures, which have been undertaken with the patriotic object of assisting the poor against the rich!

I am well aware that bank credit may be abused. I know that there is another extreme, exactly the opposite of that of which I have now been speaking, and no less sedulously to be avoided. I know that the issue of bank paper may become excessive; that depreciation will then follow; and that the evils, the losses, and the frauds consequent on a disordered currency fall on the rich and the poor together, but with especial weight of ruin on the poor. I know that the system of bank credit must always rest on a specie basis, and that it constantly needs to be strictly guarded and properly restrained; and it may be so guarded and restrained. We need not give up the good which belongs to it, through fear of the evils which may follow from its abuse. We have the power to take security against these evils. It is our business, as statesmen, to adopt that security; it is our business not to prostrate, or attempt to prostrate, the system, but to use those means of precaution, restraint, and correction which experience has sanctioned, and which are ready at our hands.

It would be to our everlasting reproach, it would be placing us below the general level of the intelligence of civilized states, to admit that we cannot contrive means to enjoy the benefits of bank circulation, and of avoiding, at the same time, its dangers. Indeed, Sir, no contrivance is necessary. It is *contrivance*, and the love of contrivance, that spoil all. We are destroying ourselves by a remedy which no evil called for. We are ruining perfect health by

nostrums and quackery. We have lived hitherto under a well constructed, practical, and beneficial system; a system not surpassed by any in the world; and it seems to me to be presuming largely, largely indeed, on the credulity and self-denial of the people, to rush with such sudden and impetuous haste into new schemes and new theories, to overturn and annihilate all that we have so long found useful.

Our system has hitherto been one in which paper has been circulating on the strength of a specie basis; that is to say, when every bank-note was convertible into specie at the will of the holder. This has been our guard against excess. While banks are bound to redeem their bills by paying gold and silver on demand, and are at all times able to do this, the currency is safe and convenient. Such a currency is not paper money, in its odious sense. It is not like the Continental paper of Revolutionary times; it is not like the worthless bills of banks which have suspended specie payments. On the contrary, it is the representative of gold and silver, and convertible into gold and silver on demand, and therefore answers the purposes of gold and silver; and so long as its credit is in this way sustained, it is the cheapest, the best, and the most convenient circulating medium. I have already endeavored to warn the country against irredeemable paper; against the paper of banks which do not pay specie for their own notes; against that miserable, abominable, and fraudulent policy, which attempts to give value to any paper, of any bank, one single moment longer than such paper is redeemable on demand in gold and silver. I wish most solemnly and earnestly to repeat that warning. I see danger of that state of things ahead. I see imminent danger that a portion of the State banks will stop specie payments. The late measure of the Secretary, and the infatuation with which it seems to be supported, tend directly and strongly to that result. Under pretence, then, of a design to return to a currency which shall be all specie, we are likely to have a currency in which

there shall be no specie at all. We are in danger of being overwhelmed with irredeemable paper, mere paper, representing not gold nor silver; no, Sir, representing nothing but broken promises, bad faith, bankrupt corporations, cheated creditors, and a ruined people. This, I fear, Sir, may be the consequence, already alarmingly near, of this attempt, unwise if it be real, and grossly fraudulent if it be only pretended, of establishing an exclusively hard-money currency.

But, Sir, if this shock could be avoided, and if we could reach the object of an exclusive metallic circulation, we should find in that very success serious and insurmountable inconveniences. We require neither irredeemable paper, nor yet exclusively hard money. We require a mixed system. We require specie, and we require, too, good bank paper, founded on specie, representing specie, and convertible into specie on demand. We require, in short, just such a currency as we have long enjoyed, and the advantages of which we seem now, with unaccountable rashness, about to throw away.

I avow myself, therefore, decidedly against the object of a return to an exclusive specie currency. I find great difficulty, I confess, in believing any man serious in avowing such an object. It seems to me rather a subject for ridicule, at this age of the world, than for sober argument. But if it be true that any are serious for the return of the gold and silver age, I am seriously against it.

Let us, Sir, anticipate, in imagination, the accomplishment of this grand experiment. Let us suppose that, at this moment, all bank paper were out of existence, and the country full of specie. Where, Sir, should we put it, and what should we do with it? Should we ship it, by cargoes, every day, from New York to New Orleans, and from New Orleans back to New York? Should we encumber the turnpikes, the railroads, and the steamboats with it, whenever purchases and sales were to be made in one place of articles to be transported to another? The carriage of the money would, in some cases, cost half as much

as the carriage of the goods. Sir, the very first day, under such a state of things, we should set ourselves about the creation of banks. This would immediately become necessary and unavoidable. We may assure ourselves, therefore, without danger of mistake, that the idea of an exclusively metallic currency is totally incompatible, in the existing state of the world, with an active and extensive commerce. It is inconsistent, too, with the greatest good of the greatest number; and therefore I oppose it.

But, Sir, how are we to get through the first experiment, so as to be able to try that which is to be final and ultimate, that is to say, how are we to get rid of the State banks? How is this to be accomplished? Of the Bank of the United States, indeed, we may free ourselves readily; but how are we to annihilate the State banks? We did not speak them into being; we cannot speak them out of being. They did not originate in any exercise of our power; nor do they owe their continuance to our indulgence. They are responsible to the States; to us they are irresponsible. We cannot act upon them; we can only act with them; and the expectation, as it would appear, is, that, by zealously co-operating with the government in carrying into operation its new theory, they may disprove the necessity of their own existence, and fairly work themselves out of the world! Sir, I ask once more, Is a great and intelligent community to endure patiently all sorts of suffering for fantasies like these? How charmingly practicable, how delightfully probable, all this looks!

I find it impossible, Mr. President, to believe that the removal of the deposits

arose in any such purpose as is now avowed. I believe all this to be an after-thought. The removal was resolved on as a strong measure against the bank; and now that it has been attended with consequences not at all apprehended from it, instead of being promptly retracted, as it should have been, it is to be justified on the ground of a grand experiment, above the reach of common sagacity, and dropped down, as it were, from the clouds, "to witch the world with noble policy." It is not credible, not possible, Sir, that, six months ago, the administration suddenly started off to astonish mankind with its new inventions in politics, and that it then began its magnificent project by removing the deposits as its first operation. No, Sir, no such thing. The removal of the deposits was a blow at the bank, and nothing more; and if it had succeeded, we should have heard nothing of any project for the final putting down of all State banks. No, Sir, not one word. We should have heard, on the contrary, only of their usefulness, their excellence, and their exact adaptation to the uses and necessities of this government. But the experiment of making successful use of State banks having failed, completely failed, in this the very first endeavor; the State banks having already proved themselves not able to fill the place and perform the duties of a national bank, although highly useful in their appropriate sphere; and the disastrous consequences of the measures of government coming thick and fast upon us, the professed object of the whole movement is at once changed, and the cry now is, Down with all the State banks! Down with all the State banks! and let us return to our embraces of solid gold and solid silver!