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# REPORT

OF THE

JOINT SELECT COMMITTEE

ON THE

STATE OF THE CURRENCY

AND THE

REMOVAL OF THE DEPOSITES

FROM THE

BANK OF THE UNITED STATES.

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**Boston:**

DUTTON AND WENTWORTH, PRINTERS TO THE STATE.

1834.



**Commonwealth of Massachusetts.**

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IN SENATE, Jan. 24, 1834.

*Ordered*, That Messrs. Everett, Bailey, Barstow, Wells, and Whitmarsh, with such as the House may join, be a Committee to inquire into the expediency of an expression of opinion by this General Court, upon the subject of the Removal of the Deposites of Public Money from the custody of the Bank of the United States.

Sent down for concurrence.

CHAS. CALHOUN, *Clerk.*

HOUSE OF REPRESENTATIVES, Jan. 25, 1834.

Concurred. And

MESSRS. SALTONSTALL, of *Salem*,

WILDER, of *Leominster*,

HOYT, of *Deerfield*,

WHITE, of *Boston*,

KITTREDGE, of *Andover*, and

WADE, of *Woburn*,

are appointed on the part of the House.

L. S. CUSHING, *Clerk.*

## Commonwealth of Massachusetts.

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IN SENATE, Jan. 24, 1834.

*Ordered*, That so much of His Excellency's Inaugural Address, as relates to the State of the Currency, be committed to the Committee on Banks and Banking.

Sent down for concurrence.

CHAS. CALHOUN, *Clerk*.

HOUSE OF REPRESENTATIVES, Jan. 25, 1834.

Concurred.

L. S. CUSHING, *Clerk*.

IN SENATE, Jan. 28, 1834.

The Committee aforesaid are discharged from the consideration of the subject of this Order, and the same is committed to the Joint Committee on the Order of the 24th inst., relating to the Removal of the Deposites from the U. S. Bank.

Sent down for concurrence.

CHAS. CALHOUN, *Clerk*.

HOUSE OF REPRESENTATIVES, Jan. 28, 1834.

Concurred.

L. S. CUSHING, *Clerk*.

## Commonwealth of Massachusetts.

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IN SENATE, February 1, 1834.

The Joint Select Committee who were ordered to inquire into the expediency of an expression of opinion by the General Court, upon the removal of the Deposites of Public Money from the custody of the Bank of the United States, and to whom was referred so much of the Inaugural Address of His Excellency the Governor as relates to the Currency, have considered the subjects entrusted to them, and beg leave to report the accompanying Preamble and Resolves.

Which are respectfully submitted.

For the Committee.

A. H. EVERETT.

## RESOLVES

In relation to the Currency and to the Removal of the Deposites of Public Money from the Bank of the United States.

WHEREAS, in the midst of a season of general prosperity, the community has been suddenly visited by a distressing and alarming financial crisis, which has created great embarrassment in all branches of business, occasioned many bankruptcies, and if much longer continued, threatens to involve in ruin a considerable portion of the active part of the citizens, of all employments and of all political parties : and

WHEREAS it is expedient that under these circumstances, the citizens should unite, without distinction of party, in the adoption of such conciliatory, temperate, and at the same time vigorous and efficient measures as are best fitted to afford the necessary relief, and particularly that the General Court of this Commonwealth should express their opinion upon the subject, to the end that the Senators and Representatives of the Commonwealth in Congress may be the better enabled to carry into effect the intentions of their constituents : Therefore

*Resolved*, That a sound and healthy state of the currency is one of the most important elements in the economical prosperity of the country, and that although a purely metallic currency may perhaps in theory be preferable to any other, the present methods of transacting business render it absolutely necessary that the circulating medium should consist in part of paper.



*Resolved*, That though the coinage of the precious metals is, and should be every where one of the functions of the Government, the experience of all countries has proved that for the supply of the portion of the circulating medium which consists of paper, the agency of private corporations or banks, compellable at all times by law to redeem their notes with specie, is preferable to that of the Government, which not being subject to the same compulsion, is constantly liable to carry the emission of paper money to a dangerous excess.

*Resolved*, That it is essential to a sound state of the currency, that the private corporations or banks, which perform the important service of supplying the portion of the circulating medium which consists of paper, should be perfectly solid, and that the necessary security is much better obtained through a National Institution, possessing a large capital, and subject to the constant supervision of the General Government, than it possibly can be through the smaller banking corporations chartered under the authority of the States.

*Resolved*, That in addition to its greater solidity and security, a National Institution, having branches in all parts of the country, possesses as an agent for the supply of a paper currency, the great advantage that it furnishes a safe and ready means for remittances from one part of the Union to another, while the circulation of the State Banks, however solid, is necessarily limited to their respective immediate neighborhoods: and is also of signal use in equalizing the exchanges, and thereby facilitating all the mercantile operations of the community.

*Resolved*, That some concerted arrangement, pervading all parts of the country, is absolutely necessary to the Government for the purpose of receiving, paying over and

transferring from one place to another the public money ; —that the State Banks, in consequence of the comparative smallness of their capital, their exemption from any control or supervision by the General Government, and their want of connexion with each other, are incapable of performing this service with advantage, and that any system of concerted action that might be established among State Banks employed to collect and pay over the public revenue, could only constitute a very unsafe and imperfect approximation to a well constituted National Institution.

*Resolved*, That the advantages which might have been expected to result from the establishment of a National Institution of this description, were fully realized in the practice of this country during the existence of the first National Bank ;—the currency of the country having been during that time in a uniformly healthy state and the service of the Treasury performed with exactness and fidelity ;—that soon after the expiration of the charter of that Institution, the currency and the whole financial arrangements of the Government fell into a state of confusion, which was greatly increased by the want of a National Bank, and of which the termination was materially assisted by the establishment of the present one ; that as soon as the present Bank had gone into full operation, the currency and the financial arrangements of the Government assumed again a regular and healthy state, which they have uniformly maintained up to the present time.

*Resolved*, That the objections to the constitutionality of a National Bank, which were originally entertained by many of the wisest statesmen and purest patriots, were abandoned by themselves on the establishment of the present one ; that the regulation of the currency being



committed by the Constitution to the General Government, it is entirely conformable to the spirit of that instrument that the Institution which is principally relied upon to furnish the paper portion of the currency should be a national one, under the regulation and supervision of Congress, and that the adjudications of the courts of justice, and the acquiescence of all branches of the General Government, of all the States, and of the community at large, in this construction of the Constitution, sufficiently prove that it is considered by the people as entirely correct and sound.

*Resolved*, That other objections which have been made to the establishment of a National Bank, on the ground that it introduces foreign capital into the country, and that it has a tendency to build up a monied aristocracy, are unfounded and illusory; that the introduction of foreign capital is always an advantage; and that the influence of a National Bank on the currency and on the business transactions of the community, is particularly favorable to the middling and poorer classes of the people which are more interested than any others in the maintenance of a healthy state of the currency, and more injuriously affected by the fluctuations and embarrassments that are incident to an unsound one.

*Resolved*, That for the reasons set forth in the preceding Resolves, we consider a well constituted National Bank as one of the most valuable and important of the political institutions of the country;—that we have seen with deep regret the disposition manifested by the present Chief Magistrate of the United States, to use his influence in opposition to the existence of any such bank;—and that while we fully recognize the right of the President of the United States to exercise his judgment in the

most independent manner upon every bill submitted to him by Congress, we earnestly hope that reflection and experience may induce him to change his course in this respect, and to concur with the other branches of the Legislature in continuing to the people the great advantages that result from the existence of a National Bank.

*Resolved*, That the custody of the public money is committed by law to the Bank of the United States, unless the Secretary of the Treasury should otherwise direct, for reasons to be by him submitted to Congress; and that the reasons submitted to Congress by the Secretary of the Treasury, for the late removal of the public treasure from the custody of the bank, are not sufficient to justify the measure.

*Resolved*, That the removal of the deposits of public money from the custody of the Bank of the United States, by compelling the bank to curtail its discounts and call in the balances due to it from the local banks, has been the principal if not the only immediate cause of the present distressing scarcity of money, and that nothing would tend more directly to afford relief to the community than the restoration of the deposits of public money to the custody of the bank, and the adoption of such other measures as would inspire a general confidence that the people are not to be deprived of the great advantages resulting from the existence of a National Bank, after the expiration of the charter of the present one.

*Resolved*, That the Senators of this Commonwealth in Congress be instructed and the Representatives requested to use their influence for the purpose of procuring the restoration of the deposits of public money to the Bank of the United States, and of continuing to the people the

advantages resulting from a National Bank, by a renewal of the charter of the present one, or in some other way.

*Resolved*, That His Excellency the Governor be requested to transmit copies of these Resolves to the Senators and Representatives of the Commonwealth in Congress, and to the Governors of all the States.

