

of our Union. If we can not at once, in justice to interests vested under improvident legislation, make our Government what it ought to be, we can at least take a stand against all new grants of monopolies and exclusive privileges, against any prostitution of our Government to the advancement of the few at the expense of the many, and in favor of compromise and gradual reform in our code of laws and system of political economy.

I have now done my duty to my country. If sustained by my fellow-citizens, I shall be grateful and happy; if not, I shall find in the motives which impel me ample grounds for contentment and peace. In the difficulties which surround us and the dangers which threaten our institutions there is cause for neither dismay nor alarm. For relief and deliverance let us firmly rely on that kind Providence which I am sure watches with peculiar care over the destinies of our Republic, and on the intelligence and wisdom of our countrymen. Through *His* abundant goodness and *their* patriotic devotion our liberty and Union will be preserved.

## Viewpoint 22B

*The Bank of the United States  
Should Not Be Abolished (1832)*

Daniel Webster (1782–1852)

INTRODUCTION *Daniel Webster was a noted senator, diplomat, lawyer, and perhaps the most famous orator of his time. During the presidency of Andrew Jackson (1829–1837) he represented Massachusetts in the Senate and became the leader of the emerging Whig Party, a political party created in large part to oppose Jackson and his policies.*

*The fate of the Second Bank of the United States (BUSA) was perhaps the single most divisive issue between Webster and Jackson. In July 1832 Jackson vetoed a bill that would have renewed the bank's charter. The following viewpoint is excerpted from Webster's July 1832 speech to the U.S. Senate urging Congress to override Jackson's veto. He strongly condemns Jackson for risking the health of the American economy, for abusing his presidential powers, and for his tendency to "inflame the poor against the rich."*

*What will be the effects of closing the BUSA, according to Webster? Webster's ties to the bank included a personal friendship with its president, Nicholas Biddle, and he received a retainer as attorney for the bank and was the recipient of loans from the institution. How do these considerations affect your assessment of his arguments?*

Mr. President [of the Senate], no one will deny the high importance of the subject now before us. Congress, after full deliberation and discussion, has passed a bill, by

From *The Works of Daniel Webster*, vol. 3 (Boston, 1853).

decisive majorities, in both houses, for extending the duration of the Bank of the United States. It has not adopted this measure until its attention had been called to the subject, in three successive annual messages of the President [Andrew Jackson]. The bill having been thus passed by both houses, and having been duly presented to the President, instead of signing and approving it, he has returned it with objections. These objections go against the whole substance of the law originally creating the bank. They deny, in effect, that the bank is constitutional; they deny that it is expedient; they deny that it is necessary for the public service.

It is not to be doubted, that the Constitution gives the President the power which he has now exercised; but while the power is admitted, the grounds upon which it has been exerted become fit subjects of examination. The Constitution makes it the duty of Congress, in cases like this, to reconsider the measure which they have passed, to weigh the force of the President's objections to that measure, and to take a new vote upon the question.

Before the Senate proceeds to this second vote, I propose to make some remarks upon those objections. . . . I will not conceal my opinion that the affairs of the country are approaching an important and dangerous crisis. At the very moment of almost unparalleled general prosperity, there appears an unaccountable disposition to destroy the most useful and most approved institutions of the government. Indeed, it seems to be in the midst of all this national happiness that some are found openly to question the advantages of the Constitution itself; and many more ready to embarrass the exercise of its just power, weaken its authority, and undermine its foundations. How far these notions may be carried, it is impossible yet to say. We have before us the practical result of one of them. The bank has fallen, or is to fall. . . .

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*A great majority of the people are satisfied with the bank as it is, and desirous that it should be continued.*

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I hesitate not to say, that, as this *veto* travels to the West, it will depreciate the value of the every man's property from the Atlantic States to the capital of Missouri. Its effects will be felt in the price of lands, the great and leading article of Western property, in the price of crops, in the products of labor, in the repression of enterprise, and in embarrassment to every kind of business and occupation. I state this opinion strongly, because I have no doubt of its truth, and am willing its correctness should be judged by the event. Without personal acquaintance with the Western States, I know enough of their

condition to be satisfied that what I have predicted must happen. The people of the West are rich, but their riches consist in their immense quantities of excellent land, in the products of these lands, and in their spirit of enterprise. The actual value of money, or rate of interest, with them is high, because their pecuniary capital bears little proportion to their landed interest. At an average rate, money is not worth less than eight per cent. per annum throughout the whole Western country, notwithstanding that it has now a loan or an advance from the bank of thirty millions, at six per cent. To call in this loan, at the rate of eight millions a year, in addition to the interest on the whole, and to take away, at the same time, that circulation which constitutes so great a portion of the medium of payment throughout that whole region, is an operation, which, however wisely conducted, cannot but inflict a blow on the community of tremendous force and frightful consequences. The thing cannot be done without distress, bankruptcy, and ruin, to many. If the President had seen any practical manner in which this change might be effected without producing these consequences, he would have rendered infinite service to the community by pointing it out. But he has pointed out nothing, he has suggested nothing; he contents himself with saying, without giving any reason, that, if the pressure be heavy, the fault will be the bank's. I hope this is not merely an attempt to forestall opinion, and to throw on the bank the responsibility of those evils which threaten the country, for the sake of removing it from himself.

The responsibility justly lies with him, and there it ought to remain. A great majority of the people are satisfied with the bank as it is, and desirous that it should be continued. They wished no change.

There are some other topics, treated in the message, which ought to be noticed. It commences by an inflamed statement of what it calls the "favor" bestowed upon the original bank by the government, or, indeed, as it is phrased, the "monopoly of its favor and support"; and through the whole message all possible changes are rung on the "gratuity," the "exclusive privileges," and "monopoly," of the bank charter. Now, Sir, the truth is, that the powers conferred on the bank are such, and no others, as are usually conferred on similar institutions. They constitute no monopoly, although some of them are of necessity, and with propriety, exclusive privileges. "The original act," says the message, "operated as a gratuity of many millions to the stockholders." What fair foundation is there for this remark? The stockholders received their charter, not gratuitously, but for a valuable consideration in money, prescribed by Congress, and actually paid. At some times the stock has been above *par*, at other times below *par*, according to prudence in management, or according to commercial occurrences. But if, by

a judicious administration of its affairs, it had kept its stock always above *par*, what pretence would there be, nevertheless, for saying that such augmentation of its value was a "gratuity" from government? The message proceeds to declare, that the present act proposes another donation, another gratuity, to the same men, of at least seven millions more. It seems to me that this is an extraordinary statement, and an extraordinary style of argument, for such a subject and on such an occasion. In the first place, the facts are all assumed; they are taken for true without evidence. There are no proofs that any benefit to that amount will accrue to the stockholders, nor any experience to justify the expectation of it. It rests on random estimates, or mere conjecture. But suppose the continuance of the charter should prove beneficial to the stockholders: do they not pay for it? They give twice as much for a charter of fifteen years, as was given before for one of twenty. And if the proposed *bonus*, or premium, be not, in the President's judgment, large enough, would he, nevertheless, on such a mere matter of opinion as that, negative the whole bill? May not Congress be trusted to decide even on such a subject as the amount of the money premium to be received by government for a charter of this kind?

#### GREAT PUBLIC INTERESTS

But, Sir, there is a larger and a much more just view of this subject. The bill was not passed for the purpose of benefiting the present stockholders. Their benefit, if any, is incidental and collateral. Nor was it passed on any idea that they had a *right* to a renewed charter, although the message argues against such right, as if it had been somewhere set up and asserted. No such right has been asserted by any body. Congress passed the bill, not as a bounty or a favor to the present stockholders, nor to comply with any demand of right on their part; but to promote great public interests, for great public objects. Every bank must have some stockholders, unless it be such a bank as the President has recommended, and in regard to which he seems not likely to find much concurrence of other men's opinions; and if the stockholders, whoever they may be, conduct the affairs of the bank prudently, the expectation is always, of course, that they will make it profitable to themselves, as well as useful to the public. If a bank charter is not to be granted, because, to some extent, it may be profitable to the stockholders, no charter can be granted. The objection lies against all banks.

Sir, the object aimed at by such institutions is to connect the public safety and convenience with private interests. It has been found by experience, that banks are safest under private management, and that government banks are among the most dangerous of all inventions. Now, Sir, the whole drift of the message is to reverse the settled

judgment of all the civilized world, and to set up government banks, independent of private interest or private control. For this purpose the message labors, even beyond the measure of all its other labors, to create jealousies and prejudices, on the ground of the alleged benefit which that individuals will derive from the renewal of this charter. Much less effort is made to show that government, or the public, will be injured by the bill, than that individuals will profit by it. . . .

I will not dwell particularly on this part of the message. Its tone and its arguments are all in the same strain. It speaks of the certain gain of the present stockholders, of the value of the monopoly; it says that all monopolies are granted at the expense of the public; that the many millions which this bill bestows on the stockholders come out of the earnings of the people; that, if government sells monopolies, it ought to sell them in open market; that it is an erroneous idea, that the present stockholders have a prescriptive right either to the favor or the bounty of government; that the stock is in the hands of a few, and that the whole American people are excluded from competition in the purchase of the monopoly. To all this I say, again, that much of it is assumption without proof; much of it is an argument against that which nobody has maintained or asserted; and the rest of it would be equally strong against any charter, at any time. . . .

#### FOREIGN CAPITAL

From the commencement of the government, it has been thought desirable to invite, rather than to repel, the introduction of foreign capital. Our stocks have all been open to foreign subscriptions; and the State banks, in like manner, are free to foreign ownership. Whatever State has created a debt has been willing that foreigners should become purchasers, and desirous of it. How long is it, Sir, since Congress itself passed a law vesting new powers in the President of the United States over the cities in this District, for the very purpose of increasing their credit abroad, the better to enable them to borrow money to pay their subscriptions to the Chesapeake and Ohio Canal? It is easy to say that there is danger to liberty, danger to independence, in a bank open to foreign stockholders, because it is easy to say any thing. But neither reason nor experience proves any such danger. The foreign stockholder cannot be a director. He has no voice even in the choice of directors. His money is placed entirely in the management of the directors appointed by the President and Senate and by the American stockholders. So far as there is dependence or influence either way, it is to the disadvantage of the foreign stockholder. He has parted with the control over his own property, instead of exercising control over the property or over the actions of others. And, Sir, let it now be added, in further answer to this class of objections, that experience has abundantly

confuted them all. This government has existed forty-three years, and has maintained, in full being and operation, a bank, such as is now proposed to be renewed, for thirty-six years out of the forty-three. We have never for a moment had a bank not subject to every one of these objections. Always, foreigners might be stockholders; always, foreign stock has been exempt from State taxation, as much as at present; always the same power and privileges; always, all that which is now called a "monopoly," a "gratuity," a "present," has been possessed by the bank. And yet there has been found no danger to liberty, no introduction of foreign influence, and no accumulation of irresponsible power in a few hands. I cannot but hope, therefore, that the people of the United States will not now yield up their judgment to those notions which would reverse all our best experience, and persuade us to discontinue a useful institution from the influence of vague and unfounded declamation against its danger to the public liberties. Our liberties, indeed, must stand upon very frail foundations, if the government cannot, without endangering them, avail itself of those common facilities, in the collection of its revenues and the management of its finances, which all other governments, in commercial countries, find useful and necessary.

In order to justify its alarm for the security of our independence, the message supposes a case. It supposes that the bank should pass principally into the hands of the subjects of a foreign country, and that we should be involved in war with that country, and then it exclaims, "What would be our condition?" Why, Sir, it is plain that all the advantages would be on our side. The bank would still be our institution, subject to our own laws, and all its directors elected by ourselves; and our means would be enhanced, not by the confiscation and plunder, but by the proper use, of the foreign capital in our hands. And, Sir, it is singular enough, that this very state of war, from which this argument against a bank is drawn, is the very thing which, more than all others, convinced the country and the government of the necessity of a national bank. So much was the want of such an institution felt in the late war [War of 1812], that the subject engaged the attention of Congress, constantly, from the declaration of that war down to the time when the existing bank was actually established; so that in this respect, as well as in others, the argument of the message is directly opposed to the whole experience of the government, and to the general and long-settled convictions of the country. . . .

#### A NEW EPOCH

Mr. President, we have arrived at a new epoch. We are entering on experiments, with the government and the Constitution of the country, hitherto untried, and of fearful and appalling aspect. This message calls us to the contemplation of a future which little resembles the past. Its

principles are at war with all that public opinion has sustained, and all which the experience of the government has sanctioned. It denies first principles; it contradicts truths, heretofore received as indisputable. It denies to the judiciary the interpretation of law, and claims to divide with Congress the power of originating statutes. It extends the grasp of executive pretension over every power of the government. But this is not all. It presents the chief magistrate of the Union in the attitude of arguing away the powers of that government over which he has been chosen to preside; and adopting for this purpose modes of reasoning which, even under the influence of all proper feeling towards high official station, it is difficult to regard as respectable. It appeals to every prejudice which may betray men into a mistaken view of their own interests. and to every passion which may lead them to disobey the impulses of their understanding. It urges all the specious topics of State rights and national encroachment against that which a great majority of the States have affirmed to be rightful, and in which all of them have acquiesced. It sows, in an unsparing manner, the seeds of jealousy and ill-will against that government of which its author is the official head. It raises a cry, that liberty is in danger, at the very moment when it puts forth claims to powers heretofore unknown and unheard of. It effects alarm for the public freedom, when nothing endangers that freedom so much as its own unparalleled pretences. This, even, is not all. It manifestly seeks to inflame the poor against the rich; it wantonly attacks whole classes of the people, for the purpose of turning against them the prejudices and the resentments of other classes. It is a state paper which finds no topic too exciting for its use, no passion too inflammable for its address and its solicitation.

Such is this message. It remains now for the people of the United States to choose between the principles here avowed and their government. These cannot subsist together. The one or the other must be rejected. If the sentiments of the message shall receive general approbation, the Constitution will have perished even earlier than the moment which its enemies originally allowed for the termination of its existence. It will not have survived to its fiftieth year.

#### FOR FURTHER READING

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Edward S. Kaplan, *The Bank of the United States and the American Economy*. Westport, CT: Greenwood, 1999.

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## SOCIAL REFORM ISSUES OF THE ANTEBELLUM ERA

Viewpoint 23A

### *Suffrage Should Not Be Based on Property (1821)*

Nathan Sanford (1777–1838)

INTRODUCTION *The state constitutions of the original thirteen states made at the time of the American Revolution required property ownership as a qualification for voting. However, beginning in 1815, many of these states rewrote their constitutions to grant suffrage to all (white male) taxpayers—in part because they were losing people to the newer western states that had no such suffrage restrictions. During the 1821 New York convention called to revise the state constitution, Nathan Sanford, a lawyer and public official, chaired a committee that proposed extending the vote to virtually all white male taxpayers and those who served in the state militia. His speech recommending the committee's resolution to the convention is excerpted in the following viewpoint.*

*What is the basic principle of the proposed voting reforms, according to Sanford? What importance does he attach to the experiences of other states?*

The question before us is the right of suffrage—who shall or who shall not have the right to vote. The committee have presented the scheme they thought best; to abolish all existing distinctions and make the right of voting uniform. Is this not right? Where did these distinctions arise? They arose from British precedents. In England they have their three estates [the nobility, the clergy, and the commons], which must always have their separate interests represented. Here there is but one estate—the people. To me the only qualifications seem to be the virtue and morality of the people; and if they may be safely entrusted to vote for one class of our rulers, why not for all?

#### THOSE WHO BEAR THE BURDENS

In my opinion, these distinctions are fallacious. We have the experience of almost all the other states against them. The principle of the scheme now proposed is that those who bear the burdens of the state should choose those that rule it. There is no privilege given to property as such; but those who contribute to the public support we consider as entitled to a share in the election of rulers. The burdens are annual, and the elections are annual, and this appears proper. To me, and the majority of the committee, it appeared the only reasonable scheme that those who are to be affected by the acts of the government should be annually entitled to vote for those who administer it.

*From Reports of the Proceedings and Debates of the Convention of 1821, Assembled for the Purpose of Amending the Constitution of the State of New York (Albany, NY, 1821).*