

**Andrew Jackson to William John Duane, July 17, 1833,
from Correspondence of Andrew Jackson. Edited by
John Spencer Bassett.**

TO SECRETARY DUANE.1

1 Copy. Handwriting of A. J. Donelson.

Washington, July 17, 1833.

Sir, I have received your letter of the 10th instant, and regret to find after a careful consideration of its contents, that the opinions intended to be conveyed by my letter and communication of the 26th ulto. have either been greatly misapprehended, or have been associated, in the examination which the subject has received at your hands, with reflections that have no necessary connection with them.

A reply to some of the objections you have raised to the course I have recommended for your adoption, is therefore necessary to shield my conduct and motives from the unfavorable interpretation to which they might otherwise be exposed, and to which, I am persuaded, you do not desire to subject them. This will be more intelligibly done, by first offering a few observations, explanatory of the sentiments which appear to have been misconceived, and, then, by stating succinctly what the measure was to which they were directed, and what were the circumstances under which it was suggested for your consideration and adoption.

The indispensable necessity of some agency for the safe keeping of the public moneys, whilst in a course of expenditure, and for their transmission from place to place according to the exigencies of the public service, beyond what can be derived from the fiscal Department of the Government as hitherto organized, has been recognized from the

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establishment of the Government to the present day. During the existence of the old Bank of the United States it was performed by that institution. When the charter of that institution expired and public sentiment forbade its renewal, this agency was committed to the State Banks, and for many years it was performed by them. Upon the incorporation of the present Bank it was transferr'd to, and has, for many years, been discharged by it. Its charter is also soon to expire, and the duty of a reasonable provision for this important branch of the public service is thereby unavoidably pressed upon the early attention of the Government.

The establishment of such an agency, if a new one, cannot be the work of a day. To make it safe and effectual, time, care, and length of experience are necessary.

In my former communication I stated that the reasons in favor of providing a substitute before the expiration of the charter of the present Bank, if one at any time be contemplated, were too obvious to require elucidation. This opinion has not been gainsayed by you, nor directly controverted by any one. All subsequent reflection upon this point has but served to confirm this impression, and it really appears to me that nothing short of a design to give indirect aid to the application of the Bank for an extension of its charter, or to the incorporation of a new Bank, could induce the government to fold its arms and wait the expiration of the present charter, and thus involve our affairs in the embarrassments which would unavoidably arise from the selection of a new agent on the spur of the occasion.

If this be correct, and I must continue to affirm that it is, the interesting questions occur—what provision ought to be made, by whom should it be made, and when should it be adopted?

Those who are in favor of either an extension of the charter of the present Bank, or the incorporation of a new one, will of course look to the adoption of one of those measures as the best and readiest mode of obviating all difficulty upon the subject. But from both

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of these resorts I am precluded by my declared opinions. In this respect we are of one accord; and as our objections to both rest upon constitutional grounds it becomes our duty in the performance of our several functions to act upon the assumption that neither of those steps will be taken. What other course is then open to us?

In my messages to Congress I have several times brought to their notice such a reorganization of the Treasury Department as will afford to the Government all the facilities of the present Bank, without exposing it and the country to its evils and dangers. But my suggestions on the subject have met with no favor from congress; and it is due to candor to say that the countenance they have received in public opinion has not been such as to encourage the belief that they will be adopted. Under these circumstances I have brought my mind to the belief that the employment of the State Banks, if they will enter into reasonable terms is the best if not the only practicable resort.

Being apprised of your dissent from this opinion, I felt it to be my duty to call upon you for an expose of any better plan which might have presented itself to your mind and I learn from you that you have not, as yet, been able to devise one which is satisfactory to yourself.

It remains only, therefore, for me to consider the objections you have raised to the course pointed out by me, as the only one which is open to us, according to our views of the constitution. It consists in a discontinuance of the deposits of the Government in the Bank of the U States and the entering into arrangements with the State Banks for that purpose. I will consider your difficulties upon each branch of the subject.

The mere right to remove the deposits is not controverted, nor indeed could it be, for the charter of the Bank confers this power on the Secretary of the Treasury in terms as plain as the English language can make them. But it appears to you that this is a power conferred on the Secretary to be exercised only in extreme cases like that of an "insurrection or a seige"; and that to do it under less urgent circumstances would be an

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act of arbitrary and dictatorial power, every way unjustifiable. You cannot fail I think to be satisfied upon further reflection that this is an overstrained, if not an unfounded view of the matter, the more especially when you find that in the conclusion of your letter when pressed by the reflection that this power must have been given for some probable and reasonable purpose you virtually admit that it might be justifiably exercised by the Secretary, to coerce the Bank into such a management of its affairs as the fact of its approaching dissolution, ought, in justice to the Government and country, to impose upon it. If justifiable from a mere prudential consideration like that it would seem to me that it would be much more so when employed to secure an object of much greater importance and upon the attainment of which must depend the successful prosecution of public affairs in almost all their branches, and without which the Government would be exposed to the greatest embarrassments.

You appear to have arrived at this course of reasoning by supposing the deposit of the public money's in the Bank of the United States to be the result of a contract between the Government and the Bank by which that privilege is granted to the latter for a valuable consideration paid by it, and from which the Government cannot be discharged, otherwise, than by the same breach of trust or fraud as would be held sufficient to absolve an individual party to a contract entered into upon good consideration: and that the fact of delinquency on the part of the offending party should be ascertained and found in the same manner by Judge and Jury, or at least with equal certainty. Now, Sir, it appears to me, with all respect, that this view of the subject is entirely erroneous. The stipulation of the charter that the deposits shall in the first instance be made in the Bank of the U States does not to my mind contain a single feature of a contract. The charter secures to the Bank complete and sufficiently valuable rights and immunities independent of its being made the depository of the public money's. That was never intended to be ranked amongst its chartered rights, but considered and so treated of, as a mere privilege dependent upon the free will and pleasure of the Government. Can you figure to yourself the idea of a contract which one party has a right to put an end to at his own pleasure, without ever

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being under an obligation to assign his reasons, and certainly without responsibility to the aggrieved party. It is not in certain cases and upon certain conditions that the deposits may be withdrawn, but, if the Secretary of the “Treasury shall at any time otherwise order or direct.” The Secretary it is true is to assign his reasons, but to whom? In no sense to the Bank unless indeed the error of identifying congress with the Bank is fallen into, but to congress, to another branch of the Government to which the right to know the reason which have influenced that officer is secured for the purpose of guarding against an abuse of his power. The Bank has therefore no such right to the possession of the public funds as you have supposed nor could any congress have ever ventured to place them so far beyond the reach of the Government.

The question as to the discontinuance of the deposits is one therefore of expediency merely, dependent so far as the Bank is concerned upon the free will and pleasure of the Government, save only that it is responsible to congress for the motives which govern its acts. The only inquiry is whether the object to be obtained, (viz a reasonable, safe and practicable substitute for the Bank of the United States as the depository and distributor of the public funds through the agency of the State Banks and other considerations now existing)] constitutes an adequate and reasonable inducement for the exercise of a conceded power—a power reserved for the exclusive benefit and security of the Government. In the decision of this question no ideas of “vindictive justice or arbitrary dictation” are involved. The action of the House of Representatives upon the subject constitutes also in your opinion a strong objection to the course which I have submitted for your consideration; you express a belief that you would “treat with contempt the decision of the last congress” by its adoption, and seem to suppose that it is expected of you that you should “have faculties superior to those of Congress or hardihood that disregards their censure.” These are expressions which have escaped in the warmth of a discussion, carried on by you under honest, but excited feelings, and will I am sure be regretted by yourself upon a more dispassionate review of the subject. It would be doing injustice to both of us, to deem it necessary to say, that I feel myself incapable of

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treating a component branch of the Government over which I have the honor to preside with contempt, or desiring or expecting such a course on your part.

In my communication to you it was my intention to place the proposed measure on grounds wholly independent of the decision of the House of Representatives, and I have to regret that it has not been my good fortune to make myself understood in that respect. Whether those grounds are tenable, or not, is a question to be decided by the power to which we are both responsible, and it is a perversion of them tho certainly unintentional on your part, to assume that they necessarily conflict with that decision. Of that decision, and of the circumstances under which it was made, I have spoken as I thought they deserve but certainly not in a spirit of contempt, and you concur with me in regarding the investigation there made as inadequate. Beyond the admission in the report of the Majority of the committee upon which the decision was founded that “in the arrangement made by the agent in England for the purchase of the three per cent stocks, and the detention of the certificates, (which measures were subsequently disclaimed by the Bank) the institution exceeded its legitimate authority, and had no warrant in the correspondence of the Secretary of the Treasury” as the Bank most unjustly and untruly pretended, it related only to the safety of the public deposits in the Bank, so far, as that depended upon the soundness of its capital and its ability to meet all demands upon it—it has been my object to satisfy you that assuming all this to be so, there were still sufficient grounds to justify and require a different disposition of the public deposits. Those grounds have been frankly stated and need not be here repeated. It is sufficient for the present purpose that they may be favorably decided upon without at all coming in conflict with the resolution of the House of Representatives.

The conduct of the Bank has not been referr'd to, for the purpose of impeaching the decision of the House; but of shewing its unfitness to be employed as the agent of the Government, on the score of its infidelity, and of [repelling] all claim on the part of the institution to the favorable consideration of the Government, in whatsoever arrangement the public interest may call for: and it gives me satisfaction to find from your declarations

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“that the Bank has forfeited all claim to favor, That it has put itself in the wrong, and that the stockholders have not manifested an inclination to inquire into the causes of complaint against the directors,” that in this respect at least we are of the same opinion.

You entertain doubts as to your authority to enter into the proposed stipulations with the State Banks, and you do not believe that they will be willing to enter into the arrangements which will be required of them. To the latter suggestion it is a sufficient reply to say, that my first object is inquiry only and that if the State Banks refuse, there will be an end of the matter. The former suggestion is entitled to more consideration. I did not suppose that any doubt could exist in regard to your authority to make an arrangement like the one proposed, for the safe keeping and distribution of the public monies, after they had once been removed from the Bank of the United States; subject of course to any different disposition of them, which thereafter might be made by law; and you will observe, that to avoid any embarrassment in the subsequent exercise of such authority by congress, a power is reserved by the proposed terms to the Secretary of the Treasury, to make the arrangement with the State Banks 11 at his pleasure. When the public monies by the order of the Secretary of the Treasury shall cease to be deposited in the Bank of the U States, they will stand upon the same footing, in respect to their safe keeping, as if the charter of the Bank had never been granted; and it appears to me that the authority given by law to the Secretary of the Treasury *to superintend the collection of the revenue* and to the *Treasurer to receive and keep the monies of the U States* , clothe that Department with ample power, to enter into the proposed stipulations subject to the revision of the Legislative power. But this is perhaps a question more properly belonging to the Law officer of the Government who I understand entertains no doubt in regard to it.

But you object to the employment of the State Banks as unfit agents, and that objection would be equally applicable whether they are employed by the Treasury, or upon the express authority of congress. The reasons which induce me to favor the employment of the State Banks have been fully stated, and will not here be repeated. Some of your objections however require, in justice to myself, a brief notice. I cannot by any means

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concur in the opinion, that there is more danger to be apprehended from losses by the State Banks now, than there was during the war. The probabilities are, in my judgement manifestly, the other way. There perhaps never was a period in our history, since the adoption of the constitution, when the State Banks had greater difficulties to contend with than at the time you refer to, and there certainly never has been any in which they stood upon a better footing than at present, or in which the prospect of their permanent success, and stability, was more cheering, than it is at this moment whatever may be the fate of the Bank of the U States.

That losses were sustained from them is certain but I think you must admit, that if the proposed arrangements are entered into, the prospect of the recurrence of any losses to the Government from that source will be but very slight, if any. The system, if so it could be called, under which the Government then acted was manifestly imperfect. Some risque must always be encountered in such affairs, and it is but seldom, if ever, that our hopes in regard to the success of public measures are fully realized. Whatever may have been the facilities derived to the Government from the establishment of the present Bank, we at least cannot differ in the conclusion, that they have been infinitely overbalanced by the evils it has engender'd and the dangers which it threatens to the purity and stability of our otherwise enviable institutions; and that it would have been most happy for the country, if it never had been resorted to. The substitute I have proposed is indeed as you say like all human schemes but an experiment; but as I have heretofore stated to you, I have no doubt of its success, and I hope it will not be thought the less of, because I have not assumed its success to be infallible.

It is conceded that something must be done, and all new measures must of necessity partake, more or less, of the character of an experiment. It may fail, although I feel the strongest confidence that it will not; but how it can for one moment enter into the mind of a single unprejudiced man, to regard it as a party measure, I am utterly at a loss to conceive. In the proposed plan the Government seek to employ such Banks, and such only, as are of good credit, and will do the business required of them with fidelity and dispatch; and this

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selection will be made without the slightest respect to persons or parties, or at least you may rest assured that no ground for such an imputation will be furnished with my consent. What those who prefer to misrepresent the acts of Government may say of it, we cannot help, and should not regard. If it should be the case, that there is, or should be found any party in the country, which makes the maintenance of the Bank a point of orthodoxy we cannot on that account be deterred from pursuing the only course open to us, according to our views of duty, by the apprehension of any such imputation. The adoption of such a course would have led to the abandonment of the policy of the administration in regard to the most important of our foreign relations, to Indian affairs, to Internal Improvements, and of a series of other measures the successful prosecution of which has drawn forth the approbation of our constituents to so cheering and gratifying an extent.

You urge very strongly that the establishment of the substitute ought to be left to congress, and appear to think that any proceeding now would seem to arise from an apprehension that the representative of the people are incompetent or corrupt, and “that the people themselves are incapable of preserving the institution of their country in the event of a general depravity of their agents.” If there was the slightest ground for such apprehension, there would indeed be ample cause for the adoption of a different course. But it appears to me, as I trust it will to you upon further reflection, that the radical error of this view of the matter is demonstrated by the answer that must be given to a single question— Can Congress make any provision for the deposit of the public money's until after they have been removed from the Bank of the United States by order of the Secretary of the Treasury? And can they consistently with the charter be removed by any other authority? Certainly not. This was the reply given on the floor of the house of representatives when an investigation was asked at the last session, and it would be renewed with vastly increased force at the next. We may ask congress for further investigation, and that whether the deposits are removed or not, but it is now proposed to discontinue them in the Bank of the United States upon grounds which by our own shewing require no further investigation. And instead of the construction which is apprehended from not going to

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congress in the first instance, the more natural construction would be, that by asking their interposition we evince a disposition to throw on congress, the responsibility of an act which does not belong to them, the authority to perform which has been expressly delegated to a different branch of the Government; After you have exercised the authority vested in you by the charter we may submit the arrangement to congress for their revision, but until that is done they cannot act in the matter. Of the possible disposition and capacity of the Bank to give an injurious shock to public credit and to cause embarrassment in private affairs I have spoken on a former occasion. I do not allow myself to be deterr'd from the performance of what I regard as a duty by those considerations nor have I any apprehension that the adoption of the course recommended is at all likely to produce a re-action in the public mind that may strengthen the effort of the Bank to obtain a renewal of its charter. I understand, I think the character of my countrymen too well to entertain any such fears; laying out of view all the rest of the long catalogue of the misdeeds of that powerful and dangerous institution, save only the recorded evidence, of its deliberate design to frustrate the measures of the Government for the payment of the public debt, of its ungenerous attempt to throw the odium of its conduct in this respect from its own shoulders upon one of the Departments of the Government and when that failed to palliate its acts by too unfounded pretences—the alleged desire to afford facilities to the debtors of the Government which were never rendered, and guard against the effects of a pestilence which had not yet appeared, taken in connexion with a systematic design to deprive the representatives of the Government of all influence at its board and in many important particulars of all knowledge of the administration of its affairs—these facts alone, as long as they remain, as they now stand, uncontroverted and uncontrovertible, must forever keep down such an action as that which you have anticipated.

Be assured Sir that the people of the U States, instead of estimating the damages which have actually resulted from these high handed measures, or of regarding them as requiring no further notice, because some of them are no longer operative, will take a higher and a nobler view of their own duty, and of the duties of their agents. They will

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tremble for the character of their Government in the eyes of the world, when they find it continuing its confidence in an institution which has so manifestly proved itself unworthy of public trust. The danger is the other way. Look for a moment at the past and the probable course of the subject hereafter.

The Bank, obviously for the purpose of extending its influence and strengthening its arm for the contest in regard to the renewal of its charter, increases its loans to such an enormous extent that in the short space of sixteen months \$28,026,766 of additional debt to it is created. Thus armed it comes to the trial, and notwithstanding its immense powers the Government and the people triumph over all its efforts, it is defeated, and the question of its continuance, so far as the voice of the people can settle it, is settled. The rapidly approaching expiration of its charter renders the early provision of a substitute for it as a government agent desirable, it throws itself again before the country, and menaces it with evils which are the consequence of the power it has abused. Suppose it successful, suppose the government deterr'd from the exercise of its conceded authority, and that preferring its ease and quiet to the performance of duty, it shall leave matters to remain as they now stand until the actual expiration of the charter. What, allow me to ask you, will be the state of things then? Will not the same menaces be held out; will not the same danger be portrayed; and the same appeals made to the cupidity of some and the fears of others, and will not their force be immeasurably increased by the fact, that the Government will be found wholly unprepared for the change and at the mercy of the State Banks, or whosoever else it is driven to resort to for aid, on the spur of the occasion. Will not the temptations to a violation of the constitution by rechartering the Bank, be a thousand fold increased, from what they would be, if by a seasonable and steady exercise of its authority, Government had prepared itself for the exigency, in the only way in which I have endeavored to shew it has it in its powers to do. Shall we be excusable Sir, when that period arrives for having left the Government in so defenceless a state. I fear not; I am therefore for pursuing the only course which I think promises success and safety. If its prosecution draws after it embarrassments (which it will not do, if their has not been,

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and is not hereafter gross mismanagement on the part of the Bank) we cannot help it. Controversies which cannot be avoided with credit are always best dealt with by bold and manly encounter at the threshold. You may rely upon it Sir that our fellow Citizens would suffer more pain from seeing their Government thus overawed by a creature of its own making than they would experience regret at any consequences that can possibly flow from the proposed measure. So far as it depends upon me they shall never be exposed to such humiliation. To say that we condemn the conduct of the Bank and are opposed to a renewal of its charter is doing but little to prevent this persevering and reckless institution from ultimately succeeding in its efforts. This can only be effectually done by the timely adoption of a substitute which will enable us to satisfy the people that we can do without a Bank of the United States. Let us therefore do our duty; the people will do theirs. They have never yet failed to support me in the time of my duty and I do not doubt their approbation in the performance of it in the present instance.

You are mistaken in supposing that I desire you to adopt my reasons instead of your own for the decision which you may make on the subject. All that was intended by me in this respect was, to leave it for you to decide, how far my declared opinion as to the policy which the Government ought to pursue, ought, as being the person more immediately responsible to the people for the administration of the Executive branch, to influence your course upon a doubtful point; and that whatever of weight you should think proper to give to it, you might be at liberty to avow it as well as the reasons upon which it is founded.

I did not then, nor do I now think it necessary to anticipate the inconveniences that may result from a natural difference of opinion between the President and the head of a Department, on a subject of policy deemed vitally important and which in the most of its operations is placed under the immediate superintendence of that officer.

The circumstance of your differing in opinion from me upon this point, and the failure to communicate your views at an earlier period require'd no apology; that I am disappointed in the result, I frankly confess to you, for, as I knew that we agree'd so well in our general

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opinions in regard to the Bank, I did not, I admit, apprehend so serious a difference of opinion, in the details of our respective duties. Contenting myself with informing you before you entered upon office, on two occasions, that the question of a removal of the deposits was under consideration in my Cabinet—that I had asked their opinions in regard to it respectively; and not apprehending that you would understand me as referring to an appeal to congress upon the subject, I thought it would be more delicate, and respectful to yourself to avoid any thing like a previous stipulation, in relation to the manner in which your official duty should be performed. Not having required explanations from you I do not complain that you did not tender them in advance. I reciprocate most sincerely, and cordially, the assurances you make to me of continued respect and attachment. Although, I owe it to candor to say, that I have been led by the tenor of your letter to fear, that you have suffered erroneous impressions to exercise an undue influence over your feelings, I have seen nothing, which in the slightest degree weakens that unqualified confidence which I have heretofore placed in your integrity and honor.

Your call to my Cabinet was wholly unsolicited on your part; I will not conceal from you the satisfaction I derived from the reflection, that it might serve to elevate in the estimation of the country, a name, which though in an humble sphere, had been conspicuous in the early struggles for those political principles, which it has been always my desire to cherish and support.² I yet owe it to truth to say, that your selection was only regarded by me as a tribute justly due to the opinion I had formed of your talents and character.

² Referring to the secretary's father, William Duane (1760–1835), editor of the *Aurora* from 1798 to 1822.

That it may prove a source of gratification to yourself, and usefulness to our country is the sincere prayer of

your friend and obt Servt