

Primary Source

# Henry Clay on Jackson's Veto of the Bank Bill

*In his 1832 veto of the Bank recharter bill, Jackson argued, as had Thomas Jefferson more than forty years earlier, that the Constitution conveyed no power to Congress to charter a national bank. The Bank's supporters contended that the Constitution did indeed convey such powers, and that a national bank was essential to stabilizing and regulating the nation's economy. The following excerpts are from Henry Clay's July 12, 1832, Senate speech denouncing Jackson's veto.*

The power to establish a bank is deduced from that clause of the constitution which confers on Congress all powers necessary and proper to carry into effect the enumerated powers. In 1811, I believed a bank of the United States not necessary, and that a safe reliance might be placed on the local banks, in the administration of the fiscal affairs of the Government. The war taught us many lessons; and, among others, demonstrated the necessity of a Bank of the United States to the successful operations of the government. I will not trouble the Senate with a perusal of my speech in 1816, but ask its permission to read a few extracts:

“But how stood the case in 1816, when he was called upon to examine the powers of the General Government to incorporate a national bank? A total change of circumstances was presented—events of the utmost magnitude had intervened.

“A general suspension of specie payments had taken place, and this had led to a train of circumstances of the most alarming nature. He beheld, dispersed over the immense extent of the United States, about three hundred banking institutions, enjoying, in different degrees, the confidence of the public, shaken as to them all, under no direct control of the General Government, and subject to no actual responsibility to the State authorities. These institutions were emitting the actual currency of the United States—a currency consisting of paper, on which they neither paid interest nor principal, whilst it was exchanged for the paper of the community, on which both were paid. We saw these institutions, in fact, exercising what had been considered, at all times, and in all countries,

one of the highest attributes of sovereignty—the regulation of the current medium of the country. They were no longer competent to assist the treasury in either of the great operations of collection, deposit, or distribution of the public revenues. In fact, the paper which they emitted, and which the treasury, from the force of events, found itself constrained to receive, was constantly obstructing the operations of that department; for it would accumulate where it was not wanted, and could not be used where it was wanted, for the purposes of Government, without a ruinous and arbitrary brokerage. Every man who paid to or received from the Government, paid or received as much less than he ought to have done, as was the difference between the medium in which the payment was effected and specie. Taxes were no longer uniform. In New England, where specie payments had not been suspended, the people were called upon to pay larger contributions than where they were suspended. In Kentucky as much more was paid by the people in their taxes, than was paid, for example, in the State of Ohio, as Kentucky paper was worth more than Ohio paper.”

**Source:** *Register of Debates in Congress . . . First Session of the Twenty-Second Congress* (Washington: Gales and Seaton, 1833), p. 1268-1269.