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Title: Letter from Roger B. Taney to George Newbold

Date: December 18, 1833

Location: I-SpahrB-1954-5

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RB Janey

Jackson

Washington Dec. 18. 1853

(28)

Private

Atty General
Janney

W^e
Dear Sir

I received your letter today - and as the calls
of official business put it out of my power
to attend to my private correspondence except
at night, you will receive this letter a day later
than the official answer I addressed to you
acknowledging the receipt of the draft for
\$500000 in favour of the Mechanics Trust
which you returned - & which has been can-
celled. - I must take this opportunity of re-
turning you my thanks not only for the
suggestion which induced me to resolve on
placing these drafts in your hands - but also
for the faithful, judicious & honorable
manner in which you have discharged the
trust reposed in you. - The measure was I have

no doubt

No doubt a necessary & fortunate one and
has averted much of the evil which the
Bank of the U. States intended to produce.
And you have said them precisely as I would
have wished.

It will give me much pleasure to receive from
you the most free communications - & you may
rest assured that they shall be entirely confidential
whenever you desire it. You will however
before this reaches you probably have seen
Mr. Brewster, & he will explain to you my
wishes that you should spend this winter
in Washington in order to represent the
selected Banks, and by seeing the probable
wants of the Government & the places where
the funds will be needed, be enabled to
set the Machinery in motion & prevent
any embarrassment in the commencement.
It is essential that all of the selected Banks
should act as one body. It will require
the constant attention of some one here who

is well acquainted with the money operations
of the country - and as New York is the center
it will ^{be} proper that the person selected for
this duty should be from that city, and
understand the business in which he is to
be engaged. - The ordinary officers in this
Department have not the sort of knowledge
necessary for this purpose. - My official
engagements prevent me from attending
to its constant & important details. - And
it is necessary for the interest of the United
States in the commercial cities that such
a person should be there to insure con-
sistent of action and they would very well
offer to pay a liberal compensation to
the person appointed for that purpose.
And I know no one who would be more
agreeable to me, or in whose I should
have more confidence, than in yourself.
The present winter is the most impor-
tant - for the machinery is now to be

set in motion. - And it is necessary that an
agent of the selected Banks should be here
as soon as practicable. - I continue here
for some months. - The new fiscal ^{agents} _{can} -
not operate conveniently without it. -
And it is better that the agent should be
an officer of one of them than any other
person. - But if there is any difficulty
on this head & you cannot spend the
winter here, ~~or~~ some other person from
your city of standing and character
that will command the confidence
of your community - & who has knowledge
& talents to fit him for such an employ-
ment ought to be sent here without delay. -
If this is done very Banks selected will
know so much the more before hand
how much of the public money will
be called for - & will therefore never be
taken by surprise. - And they can afford to
pay him a liberal compensation from
the great advantages which they will

derive from such an arrangement - Let me
hear from you on this subject and ask your
immediate attention to it. - Mr. Penhew
with whom I conversed on the subject
will however give you & the officers of
the other Banks more fully my views
on this subject. - And I have requested him
to explain them to the other selected books
in Baltimore Philadelphia & Boston.

I write in haste

I am Sr. in very respectfully

Yr. Obedt. S.

B. B. Lacey

Private

George Pemberton Esq

New York

St. P. Jan 18
Jan 18. 1812
Private

TANEY-NEWBOLD CORRESPONDENCE

Roger B. Taney (1777-1864) of Maryland, was a chief protagonist in Andrew Jackson's war with the Bank of the United States. Three days after his appointment on September 23, 1833 as Secretary of the Treasury, he announced that future government deposits would be made in seven "selected banks." Fearing that the Bank of the United States might soon put pressure on these institutions and the others that had been added to the list to redeem various notes in specie, Taney issued several contingent drafts on the national bank which were only to be cashed if such action were taken. Four \$500,000 and three \$100,000 drafts were issued to the banks most likely to have trouble.

However, difficulties soon developed. Due to mismanagement and lack of self restraint on the part of various bank directors, several drafts were cashed, despite Taney's request that they be used in case of emergency only. The Union Bank of Maryland cashed \$200,000 to cover speculation losses. The Girard Bank of Philadelphia extended discounts on their \$500,000 draft and were thus forced to cash it when the Bank of the United States asked for specie payments. One New York bank was forced to cash one for \$500,000 to make up for money foolishly lent to the postmaster of the city. The issuance of these drafts, while seeming to be an ingenious plan at the time, had proven to be nothing but a source of embarrassment.*

ROGER B. TANEY TO GEORGE NEWBOLD, ESQUIRE¹

Washington Decr. 18. 1833

Private

Dear Sir

I received your letter today-and as the calls of official business put it out of my power to attend to my private correspondence except at night, you will receive this letter a day later than the official answer I addressed to you acknowledging the receipt of the draft for \$500.000 in favour of the

¹George Newbold was connected with the Mechanics Bank of New York, one of the three in the city to receive a \$500,000 draft. Catterall, The Second Bank of the United States. pp. 302-4.

*

C.B. Swisher, Roger Taney pp. 238-242.

Mechanics Bank which you returned-and which has been cancelled. I must take this opportunity of returning you my thanks not only for the suggestion which induced me to resolve on placing these drafts in your hands-but also for the faithful, judicious and honourable manner in which you have discharged the trust reposed in you. The measure was I have (2) no doubt a necessary and fortunate one and has averted much of the evil which the Bank of the United States intended to produce. And you have used them precisely as I would have wished.

It will give me much pleasure to receive from you the most free communications. And you may rest assured that they shall be entirely confidential whenever you desire it. You will however before this reaches you probably have seen Mr. Henshaw²; and he will explain to you my wishes that you should spend this winter in Washington in order to represent the selected Banks, and by seeing the probable wants of the Government and the places where the funds will be needed, be enabled to set the machinery in motion and prevent any embarrassment in the commencement. It is essential that all of the selected Banks should act as one body. It will require the attention of someone here who (3) is well acquainted with the money operations of the country. And as New York is the center it will be proper that the person selected for this duty should be from that city, and understand the business in which he is to be engaged. The ordinary officers in this Department have not the sort of knowledge necessary for this purpose. My official engagements prevent me from attending to its constant and important details. And it is necessary for

²David Henshaw (1799-1852) of Boston, became a strong Jackson supporter in 1827 and was for long periods the Democratic boss of the state of Massachusetts. He also ran the Commonwealth Bank in Boston, one of the "selected banks," until its bankruptcy in 1837. D.A.B. pp. 562-3.

the interest of the selected Banks in the commercial cities that such a person should be here to insure concert of action and they could very well afford to pay a liberal compensation to the person appointed for that purpose. And I know no one who would be more agreeable to me or in whom I should have more confidence than in yourself. The present winter is the most important-for the machinery is now to be ⁽⁴⁾ set in motion. And it is necessary that an agent of the selected Banks should be here as soon as practicable-continue here for some months. The new fiscal agents cannot operate conveniently without it. And it is better that the agent should be an officer of one of them than any other person. But if there is any difficulty on this head and you cannot spend the winter here, some other person from your city of standing and character that will command the confidence of your community-and who has knowledge and talents to fit him for such an employment ought to be sent here without delay. If this is done every Bank selected will know a month or more before hand how much of the public money will be called for-and will therefore never be taken by surprise. And they can afford to pay him a liberal compensation from the great advantages which they will (5) derive from such an arrangement. Let me hear from you on this subject and ask your immediate attention to it. Mr. Henshaw with whom I conversed on the subject will however give you and the officers of the other Banks more fully my views on the subject. And I have requested him to explain them to the other selected Banks in Baltimore Philadelphia and Boston. Write in some haste.

I am dear sir very respectfully
Your Obedient Servant

R. B. Taney *

George Newbold Esquire
New York

*The above letter is in the Taney manuscript collection at Dickinson College.