

LINCOLN LORE

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LINCOLN AND FINANCE

The fact that the National Bank came into being during the administration of Abraham Lincoln, makes it timely to submit excerpts from some of his addresses and messages, relating to different systems of finance.

The first recorded speech of Lincoln was made in 1832 when he was but twenty-three years of age and a candidate for the Illinois legislature. Five years later, while a member of that body, he took his first significant stand on the bank question and, but two years after that, addressed the Assembly on the sub-treasury question.

All of these efforts made before he had reached thirty years of age indicates he had given some thought to finance. It is not strange that there should grow up under his administration in later years a national banking system.

BANK SPEECH—1837

"I make the assertion boldly, and without fear of contradiction, that no man who does not hold an office or does not aspire to one has ever found any fault with the bank. It has doubled the prices of the products of their farms, and filled their pockets with a sound circulating medium, and they are all well pleased with its operations...."

"I am by no means the special advocate of the Bank. I have long thought that it would be well for it to report its condition to the General Assembly, and that cases might occur when it might be proper to make an examination of its affairs by a committee. Accordingly, during the last session, while a bill supplemental to the Bank charter was pending before the House, I offered an amendment to the same, in these words: 'The said corporation shall, at the next session of the General Assembly, and at each subsequent General Session, during the existence of its charter, report to the same the amount of debts due from said corporation; the amount of debts due to the same; the amount of specie in its vaults; and an account of all lands then owned by the same; and the amount for which such lands have been taken; and moreover, if said corporation shall at any time neglect or refuse to submit its books, papers, and all and everything necessary for a full and fair examination of its affairs, to any person or persons appointed by the General Assembly, for the purpose of making such examination, the said corporation shall forfeit its charter.'"

SUB-TREASURER SPEECH—1839

"Any person who will reflect that money is only valuable while in circu-

lation, will readily perceive that any device which will keep the government revenues in constant circulation, instead of being locked up in idleness, is no inconsiderable advantage...."

"When one hundred millions, or more, of the circulation we now have shall be withdrawn, who can contemplate without terror the distress, ruin, bankruptcy, and beggary that must follow.... It may be said that what the debtor loses the creditor gains by this operation; but on examination this will be found true only to a very limited extent. It is more generally true that all lose by it—the creditor by losing more of his debts than he gains by the increased value of those he collects; the debtor by either parting with more of his property to pay his debts than he received in contracting them, or by entirely breaking up his business, and thereby being thrown upon the world in idleness...."

"The general distress thus created will, to be sure, be temporary, because whatever change may occur in the quantity of money in any community, time will adjust the derangement produced; but while that adjustment is progressing, all suffer more or less, and very many lose everything that renders life desirable. Why, then, shall we suffer a severe difficulty, even though it be but temporary, unless we receive some equivalent for it?"

MESSAGE TO THE HOUSE OF REPRESENTATIVES—1862

"That Congress has power to regulate the currency of the country can hardly admit of a doubt and that a judicious measure to prevent the deterioration of this currency by a reasonable taxation of bank circulation or otherwise is needed seems equally clear. Independently of this general consideration, it would be unjust to the people at large to exempt banks enjoying the special privilege of circulation from their just proportion of the public burdens.

"In order to raise money by way of loans most easily and cheaply, it is clearly necessary to give every possible support to the public credit. To that end, a uniform currency in which taxes, subscriptions to loans, and all other ordinary public dues as well as all private dues may be paid, is almost if not quite indispensable. Such a currency can be furnished by banking associations organized under a general act of Congress, as suggested in my message at the beginning of the present session. The securing of this circulation by the pledge of United States bonds, as therein suggested, would still further facilitate loans by increasing the present and causing a future demand for such bonds."

ANNUAL MESSAGE TO CONGRESS—1862

"The suspension of specie payment by the banks, soon after the commencement of your last session, made large issues of United States notes unavoidable. In no other way could the payment of the troops and the satisfaction of other just demands be so economically or so well provided for. The judicious legislation of Congress, securing the receivability of these notes for loans and internal duties and making them a legal tender for other debts, has made them a universal currency, and has satisfied, partially at least, and for the time, the long-felt want of a uniform circulating medium, saving thereby to the people immense sums in discounts and exchanges...."

"A return to specie payments, however, at the earliest period compatible with due regard to all interests concerned, should ever be kept in view. Fluctuations in the value of currency are always injurious, and to reduce these fluctuations to the lowest possible point will always be a leading purpose in wise legislation. Convertibility—prompt and certain convertibility—into coin is generally doubtful whether a circulation of United States notes, payable in coin, and sufficiently large for the wants of the people, can be permanently, usefully, and safely maintained."

ANNUAL MESSAGE TO CONGRESS—1864

"The national banking system is proving to be acceptable to capitalists and to the people. On the twenty-fifth day of November, 584 national banks had been organized, a considerable number of which were conversions from State banks. Changes from State systems to the national system are rapidly taking place, and it is hoped that very soon there will be in the United States no banks of issue not authorized by Congress, and no bank note circulation not secured by the government. That the government and the people will derive great benefit from this change in the banking systems of the country, can hardly be questioned. The national system will create a reliable and permanent influence in support of the national credit, and protect the people against losses in the use of paper money. Whether or not any further legislation is advisable for the suppression of State bank issues, it will be for Congress to determine. It seems quite clear that the treasury cannot be satisfactorily conducted unless the government can exercise a restraining power over the bank note circulation of the country."