

The North Carolina Standard.

THOMAS LORING,

Editor and Proprietor.

THE CONSTITUTION AND THE UNION OF THE STATES.....THEY "MUST BE PRESERVED."

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SPEECH

OF
Mr. STRANGE, of N. Carolina.

IN SENATE, SEPTEMBER 21, 1837.

On the bill imposing additional duties on certain officers, as depositaries in certain cases. Mr. CALHOUN'S amendment being under consideration.

Mr. STRANGE said:

Mr. President: That our country is now in a most extraordinary and interesting crisis, seems to be conceded on all hands; and the public mind is greatly disquieted as to the causes of this crisis, its nature, and the course it behooves Congress to pursue under it. In this state of things, every man to whom a high trust is committed in relation to these subjects, and especially each member of this body, ought openly and frankly to offer his views and opinions concerning them. By public opinion all the measures adopted by Congress must ultimately be tested, and that public opinion may have fair play, and our constituents an opportunity of judging of the fidelity of their representatives, on every measure so important as the one under consideration, the reasons which have determined them should accompany their votes. It is this consideration that impels me to ask the attention of the Senate on the present occasion, for I know full well that I might as well address the marble pillars which surround us, as this honorable body with any reasonable hope of bringing conviction to a single mind. But I am solicitous that public opinion should be sound in the State which I have the honor in part to represent, and while I bring my own opinions in review before my constituents, I shall make an effort, feeble though it may be, to furnish them with the reasons on which they are founded.

I have said, sir, that three questions naturally arise out of this crisis. First: Its causes, about which there is much contrariety of opinion. Many resorting to the method so common with those who are determined to find fault, of using some general terms of censure, calculated to catch the public ear, and carry away the judgment, without presenting it with any distinct object upon which it may exercise itself, charge it to tampering with the currency by the Executive of the Union. This form of expression, like most others, upon political subjects, in use among us, is borrowed from England. It was freely used in that country during Mr. Vanittant's administration, when (as now with us) the paper currency being greatly inflated, an effort was made by those who saw the vortex of ruin towards which the nation was tending, to rescue it, with Mr. Canning at their head, and these were branded by the minister himself as tampering with the currency. Experience, however, triumphantly vindicated the former and convicted the latter of the rankest empiricism in matters of currency. Our modern politicians, not content with the use of the term as it originally came from the lips of the British minister, have degraded it to a more fit expression of their own bitterness, and called it tinkering with the currency, as if they sought to lower the Executive of their country to an equality with the mean and contemptible employment of a tinker.—Others come forward and boldly specify the measures of Government which, as they say, have produced all this mischief. Of this latter course no one can complain. It is a fair and manly mode of treating the subject. It appeals to the high and intellectual faculties of our nature, and not to our low passions and ignoble prejudices. I hope never to see the day when the measures of any administration are not to be arraigned at the bar of public opinion, and fairly tried by the people of this country and approved and applauded, or condemned and abandoned; and if either the past or present administration has made any false step, I care not how soon it is pointed out and every man in the country made to see it.

The immediate cause of our difficulties, every one, I believe, admits to be an undue spirit of speculation and overtrading. But it is said that the Government itself has stimulated that spirit, and given to it its undue action. That such, to some extent, may have been the accidental effect of the removal of the deposits, and the consequent destruction of the United

States Bank, in suffering numerous local banks to come into existence, which could not else have lived, and thus swell the paper currency, is not improbable.—But then it is to be remarked that this would have been very inefficient, without the co-operation of other causes much more powerful, which I shall notice presently, and with which there can be no pretence for charging the administration; and besides, it was not the direct action of this measure adopted by the administration, but the conduct of the States themselves, in the exercise of their free, sovereign power, in chartering banks over which the administration could exercise no control, which armed the measure with all its supposed power of mischief.

The next measure which can properly be called an administration measure, to which mischief is imputed, is the Specie Circular; and I, for one, am altogether willing that the present and past administration should be made fully responsible for it. If it be true, (and no one, I fancy, can deny it,) that the evils of the times are the offspring of speculation and over-issues of banks, it would seem to follow that any thing which had a tendency to check these causes in the full tide of their action, must have mitigated the evils they were producing, and partially averted the catastrophe they were preparing. Surely the land speculations have contributed largely to the evils of the times; surely extravagant bank issues have stimulated, if they have not been the very food of the land speculations, besides having been the parent of other great and numerous evils. Did not the Specie Circular check the land speculations? Did not the Specie Circular check the banks in their career of expansion? If it did not this, it did nothing, and is an idle subject, either for praise or censure. But it did this, to some extent, and in so doing effected good; and my only regret is, it was capable of doing so little. Its effects have, I believe, been overrated, both by its friends and its enemies.

I know of no other measure which can justly be imputed to the administration, and to which any effect can be ascribed in the production of the present crisis. But there are two measures, which I shall notice in their order, having vast efficiency in bringing it about. The first is the act of Congress passed in 1834, for altering the relative value of gold and silver. This measure met, I believe, with favor from all parties. In the pre-existing state of things, we seemed to be yielding to other nations a portion of the gold, which, of right, belonged to ourselves, and all parties patriotically united in reclaiming our banished treasure, and cordially adopted the gold bill as it is called. Nothing could be more specious than the advantages this measure seemed to promise us; and I will not say yet that its ultimate effect will not be beneficial.—But its primary effect was to disturb that equilibrium which the currency had found under the existing state of things, and like elevating or expanding any portion of a fluid body, the effect was that it came pouring over to find its level, and flowed freely into this country. Other causes were in action to promote this tendency. American stocks and American bonds were freely discounted upon in England, and as the paper currency of England could not be used here, the proceeds came over in gold. This influx of gold, in place of occupying the channels of trade, which it must have done, had they not been pre-occupied by paper money, flowed into the banks, who, as well from the natural struggle between their paper and the gold to occupy the aforesaid channels, as from the confidence with which the presence of the gold inspired them, continually expanded their paper issues, so that the more gold came, the more paper was thrown out to force it out of circulation and into the banks.—Meantime the Bank of England found her specie leaving her, so that from October 1, 1833, when it was £10,900,000, it was reduced by December 27, 1836, to £4,300,000, making a reduction in a little upward of three years of £6,600,000, or within a little more than £300,000 of two-thirds of its whole specie. Well might the Bank of England become alarmed; and she did become alarmed, and refused further discounts for American purposes. What could be more productive of dismay to all connected with that kind of business, than this determination of the Bank of England? Not only were expected future supplies cut off, but, as the natural consequence of the cessation of supply, return was demanded of what had been already furnished, at the first moment it could lawfully be done. Can any man fail to see in this abundant cause for the mercantile distress which followed? If there is any cause for wonder, it is that the distress has not been greater, especially when we look to another measure in this country, which must have accelerated the catastrophe, and greatly added to its violence? This is the second of the two measures before alluded to, and is commonly called the deposit or distribution law.

This was no measure of the administration; on the contrary, the administration is known to have been hostile to it; but it was passed almost by acclamation by all parties in Congress, and received the unwilling assent of the Executive.—Here is a cause adequate to have deranged the currency of the country in the most prosperous and tranquil times. It

will be remembered that the opposition insist that the mere potential removal of the deposits of Government from one side of a street to the other, in the same city, which deposits did not, at the utmost, exceed three millions of dollars, was competent to the production of the utmost derangement and distress in the money market. What, then, must have been the effect of the removal of near forty millions from place to place; scattering it from one end to the other of this wide continent; abstracting it from those channels of trade, where, by the laws of commerce, it had found its way, and forcing it where no channels were open for its reception, and where, consequently, they must be created by law, through schemes hurried into existence merely to find employment for the unexpected treasure? You find the States in different parts of the Union, beset with devising plans for disposing of the money so unexpectedly poured into their lap, while those from whom it was abstracted are parting, as it were, with their very life-blood to supply it to those who have no use for it. Meantime the money lies idle until the States have devised some plan for its absorption into local circulation.

And do gentlemen rack their imaginations in search of causes, when one so adequate for the production of all the phenomena before us is so ready at their hand? And when complicated as it is with the operation of the gold bill, as I have already presented it, is not the wonder rather that matters are no worse? But when we bring these causes into union with the general causes which seem to have agitated the whole commercial world, beginning I believe in China, and affecting all Europe, both continental and insular, nothing it seems to me but an anxious desire to find fault, would seek for the causes of the crisis in the measures of the Government only.

But I believe, sir, that the foreign causes which have affected us, and those measures at home to which I have adverted, would have passed by us altogether innocuous, or nearly so, but for another cause. Gentlemen have only adverted to what the physicians call the exciting causes of the disease, they have overlooked the far more important and radical cause—an injury which has been suffered by the constitution of the patient, and such an one as has been far more instrumental in the production of the present crisis than all the exciting causes before noticed. The history of our country has presented in its brief course more numerous and interesting crises than other nations have done who could boast centuries of duration. This is probably the joint result of the rapidity of our course and the novelty of the political problem we have been engaged in working. Launched by the result of our revolutionary struggle upon the wide waters of an untried political sea, we were without charts, and the voice of experience, was heard in no distinct accents to direct our movements. Nothing, therefore, was left to us but to exercise the faculties we possessed in drawing upon analogy for guides in our trackless way. But I pause to correct myself, we had a chart, the most clear and explicit that the timid or skeptical could desire. But, alas! not one of those to whom has been committed the helm of State, has scrupulously steered according to its indications, but trusting to his own sagacity, has given to the vessel a wide berth, regardless of consequences; and the result has been, that amid clear skies and smooth waters, some hidden rock or shoal, against which the slightest attention to his chart would have secured him, has brought up the astonished steersman in his confident career. But the vessel has proved staunch; and with nothing more than a change of hands for the control of her movements, she has stemmed every difficulty, and pursued her gallant course, the pride of her crew, and the admiration of the world. The improvident steersman of its predecessors had thickened dangers around her, more numerous than those which beset the fugitives from the destruction of Troy, when the late administration came to the helm; it is not to be wondered at, therefore, that it could pursue no direct and onward course, but was compelled to adopt expedients to shun this rock, and escape that shoal; according to the circumstances in which it found itself.

Yes, Mr. President, it is to departures from the strict requirements of our Constitution, that the chief, if not all, of our difficulties as a nation may be attributed. It is true that disappointment and calamity are the lot of man, whether we view him nationally or individually; but generally, if not invariably, the inquisitive mind may trace calamities to the sufferer's own neglect, or willful transgression of the laws of prudence. Happily in both cases, timely repentance is competent to defeat the worst consequences of transgression; and if the troubles in which we are now involved shall bring us to a conviction of our errors, and to sober resolution to sin no more, they will have answered a most invaluable purpose, and arrested us in a mad career, before we have involved ourselves in irretrievable ruin. Suppose no tariff for protection had filled our coffers with useless and dangerous treasure—no United States Bank had triumphed over the Constitution, and the currency it had provided—no systems of internal improvement by the General Government, with all its attendant extravagancies, had been adopted; how invaluable should

we have been to the evils of which we now complain! But all those things were done, and our Constitution, for the formation of which the blood and toil of our forefathers had been so liberally poured out and expended, was fast becoming an unmeaning thing—a dead letter; but the present crisis awakens us to a sense of our present condition, and brings us to reflection. A literal construction of that sacred instrument which we have all sworn to support, is, in my humble judgment, the only rational ground of hope for our happiness as a nation, the only guaranty against the evils of anarchy, violence and fraud, with which we are threatened.

Having thus glanced at the causes of this crisis in which we find ourselves, I come next to consider briefly its nature. But yesterday we boasted of an overflowing Treasury, and were at our wits' end for a place into which it might pour its superfluous riches. Real property was in demand at most extravagant prices; labor was high, and the products of the soil repaid to their hearts' content its industrious cultivators; our merchants were daily becoming millionaires, rivaling in splendor and luxury the princes of lands where that title may be borne. Suddenly, as though smitten by the hand of some offended deity, or as if all that we beheld was a fairy fabrication dependent upon some dissolving spell, the whole scene is reversed. Our bloated Treasury has collapsed; the millions we were beseeching somebody to keep for us, have disappeared, and the public creditor applies in vain for payment in the constitutional medium. The possession of real estate but marks the poverty of him who owns it; the laborer is without employment, or toils for half his accustomed compensation; our products linger upon our hands, a prey to corruption and the moth; and our merchants send forth one universal wail from Maine to Florida. These are the gloomy features in the crisis, and by many they only are seen in their unmitigated darkness; but to me there are gleams of the most cheering brightness gilding the gloom, and like the struggling rays of the sun upon the dark cloud of evening, come to the heart reflecting promises of hope and joy for the approaching morrow. The crisis is full of assurance that the wounds of the bruised and battered Constitution will be healed, and that, stripped of all the extraneous appendages which have obscured its beauty and simplicity, it will be restored to its legitimate control over the affairs of this nation. So far as the Executive is concerned, he makes to us the declaration that the Constitution will, in its literal simplicity, be the standard of his actions; and it remains for the two houses of Congress to decide whether they will stand by him in the noble resolution. I trust they will, and in that trust, I feel that this crisis is one for any thing but despair to the heart of the patriot.

I have now adverted to the causes and nature of the present crisis, matters in themselves of little consequence, and altogether inadequate to the time they have consumed, except so far as they may assist us in the determination of the third question, namely: what it behooves us to do in the present emergency. The evils we have seen are twofold: first, to the United States Government as a body politic—affecting its vital principle, the very current of its existence, its fiscal soundness; secondly, to the individuals, or some of them, composing the nation—in blasting their present pecuniary prosperity and their hopes for the future. These it behooves us to consider with a due sense of our responsibilities, and, if in our power, to provide for them a remedy; and here permit me to remark that the President has been most unjustly accused of having recommended nothing adequate to the occasion; of having indicated no relief for the sufferings of the people. Will no relief be found, I ask in the emission of \$10,000,000 in Treasury notes to be thrown into circulation? If the want of a sound circulating medium be part of the distress, will it not be thus supplied to the amount I have mentioned? And will it not be further beneficial in infusing more vigor into the whole mass of the circulating medium in increasing the proportion of undepreciated currency to that which is already depreciated? Is there no relief in extending for four, six, and nine months, the credits upon duty bonds? Is there no relief in giving to the deposit banks additional time for settling the balances they owe? Let not gentlemen say, because the relief does not tally with their own unreasonable expectation, that therefore no relief at all has been extended. Great relief has, in my humble judgment, been afforded, and all that I think could in reason have been asked. But our first inquiry is, what it behooves us to do in reference to do in revenue. And it is evident that the first thing is to make immediate provision for the supply of the exhausted Treasury, and put aside such claims as in the present state of things ought not to be made upon it. This, so far as the action of this House is concerned, has already been done in the passage of the bills for the suspension of the fourth instalment to the States under the deposit law, and the emission of the ten millions of dollars in Treasury notes, as before mentioned; and it is next to be decided what course shall be taken to avert, if possible, a recurrence of the present catastrophe to the revenue. For this three plans

are presented to our consideration: First, a national bank; secondly, a continuance of the present deposit bank system, with some modifications; and lastly, the plan recommended by the President and Secretary of the Treasury, and proposed by the Committee on Finance, of an INDEPENDENT TREASURY. The first of these has probably few advocates, and has not been distinctly brought forward by any one, but we well know that the anxious eyes of some of this body are turned to it as the panacea, the great catholicon, for all political disorders—as the only instrument through which the country can be saved; and we have heard as much from the gentleman who has just taken his seat. But to this measure many objections present themselves: First public opinion is, as I believe, decidedly against it, & that, as I have already said, is at last the test to which every act of this body must be brought. Secondly, the present Chief Magistrate of the nation stands solemnly pledged against it, & must, of necessity, veto a bill for its establishment, even if a majority of both Houses of Congress could be induced to unite in its passage; and no one has the rashness to assert that it is to be spoken of as a possibility that two-thirds of these bodies would concur in overruling the President's veto. Thirdly, such a law would, in my humble judgment, be in conflict with the Constitution of the United States. Tell me not that the contrary has been settled by authority. The simplicity of that instrument was never designed to be marred by the comments of the learned upon it. It was intended for the perusal of the plainest man in the country, and that he should understand it without any further help than a knowledge of his vernacular tongue. Tell me not that in process of time the readings upon it are to be so multiplied, that instead of a pamphlet of a few pages, volumes must be read to find out its meaning. No authority for a United States Bank is to be found in the language of the Constitution and I, for one, will listen to no sophistical refinements which may seek to place it there by inference. Fourthly, such an institution is altogether inexpedient, & totally inconsistent with the healthful action of our political system. As well might we expect the globe we inhabit to pursue the orbit marked out for it by the hand of its Creator, should some mighty comet come within the sphere of its attraction, as that our political system should quietly perform its proper functions with such a *magnum imperium* within its *imperio*.—There is another reason urged with great force by the Senator from South Carolina, who sits near me, and that is the triumph which would thus be achieved by the bank over the Government.—The attitude assumed by that Senator in relation to this whole subject, is one of high moral sublimity in which he has nobly sustained himself, both by his matter and his manner; and the argument coming from him, that he would not yield to such a triumph over the Government of his country, is an argument which does credit to the heart which conceived, and the lips which uttered it.

The second plan is the one proposed by the Senator from Virginia, to which he will not find many supporters from any real regard to the plan itself; and if he succeeds in procuring its adoption, it must be through the instrumentality of those into whose motives it does not become me to inquire. But as that Senator has addressed his old friends, he will allow me in their name to address him in return, and to warn him that when with foreign aid he shall have succeeded in beating down his old allies, it would not be long ere he will hear the shout of triumph from the marble palace at Philadelphia. We would gladly, if we could, make common cause with him upon the ground he has assumed; but believing it untenable, we have retreated within the ramparts of the Constitution, and should they be battered into fragments about our ears, and we ourselves prostrated and vanquished, we will still cry out "Live the Constitution! Live the Republic!" I have said to the Senator from Virginia, that we think his ground untenable, and now propose to offer some of the reasons for our so believing. "Thou hast been weighed in the balance, and found wanting," was a portion of the sentence written by the fingers of an unseen hand upon the wall, against the King of Babylon, which caused that monarch's knees to smite together, and the sounds of guilty revelry to cease; and with great emphasis may we address the same language to the deposit banks. This the Senator from Virginia denies, and insists that the experiment has not failed. What would that Senator call a failure? Does he require that their buildings should be razed from their foundations, and made an heap, and that their piles of paper money should be committed to flames, before he will acknowledge that they have failed? When a merchant in any mercantile community neglects to meet his engagements with punctuality, who pretends to question his failure? But these banks have not only failed to meet their engagements, but have flatly declared their determination not to meet them until it suits their own perfect convenience. What has brought us to our present condition, but leaning upon these broken reeds? but imprudent confidence in these faithless agents? Should we have experienced any difficulty in meeting our fiscal engagements if they

had, in fulfilment of theirs, promptly paid up the drafts of the Treasury upon them? Would the merchants have found any difficulty in paying up their duty bonds, had the banks, by redemption of their notes, preserved to them a sound currency in which to comply with their obligations? The application of the merchants for indulgence is based upon the ground that their inability to make payments is entirely owing, not to the want of funds, but to such funds as the Government would be willing to receive. Where is the individual who, having trusted a private banker with his funds, would trust him farther, after his suffering draft after draft to come back dishonored, declaring publicly that he had the money to pay with, and justly owed the debt, but that he did not think it his interest to do so, nor would he do it, unless his depositor would make arrangements with all persons in whose favor he should draw, to take the banker's own notes, and consider them as payment? Motives of friendship or of policy, or facility of disposition in a private individual, might induce a continuance of the trust, after it had been thus abused, upon proper concessions, and a reasonable assurance that faith would thereafter be kept. But are the depositaries of a nation's faith—the trustees of a nation's wealth—to be moved by such considerations to lend a credulous ear to such promises? We have had such promises already, and have we any security that they will in future be more faithfully kept? Have not the banks pleaded the tyrant law of necessity to excuse their fault, and will necessity be less imperious in future than we find it now? It is folly to expect it. But while the Senator from Virginia is in one breath denying the failure of the banks, in the next he is offering apologies for that, upon the existence of which he is vainly striving to close his eyes. He attributes it in the first place to some great mysterious convulsion, which he does not attempt to define; and which he assures us is never likely to occur again. Next, he refers to the deposit law and the specie order, as furnishing sufficient apologies for most eccentric movements in the pecuniary affairs of the country. But chiefly he imputes the failure of the banks to the withdrawal of the confidence of the Government, and insists that its restoration is all that is wanting to set all things right. But how, I would ask, is confidence to be created where it does not exist? Like love, and hope, and fear, if must be the spontaneous offspring of the bosom it inhabits. As well might the assassin, in a paroxysm of remorse, seek to re-ignite the spark of life in the body of his victim, as this or any other legislative body to restore confidence to existence, after it has been murdered, either through accident or design. But grant that we could, by the fiat of this Legislature wake up confidence to renewed existence in the bosoms of the people, ought we to do so, when we ourselves have not confidence? Would it not be a legislative fraud? Could we say to them, You ought to have the most implicit confidence in these banks as perfectly safe depositaries of your wealth; as sound regulators of the commercial affairs of the country; as prudent circulators of paper which they have at all times the power to redeem; unless we ourselves felt this confidence? And do we feel it? For one I must confess that I do not, and would be putting my signature to a solemn falsehood were I to say that I did. The Senator declares that the only reason why specie payments were maintained in England and suspended in this country, is, that in the one confidence was sustained by the Government, and in the other prostrated. I have no hesitation in admitting that, but for the failure of confidence, the banks in this country could have maintained specie payments longer, and that the failure of confidence must necessarily precede the stoppage of specie payments. But the true question is not whether confidence existed or not, but the causes of its failure or continuance. Now it is manifest, as I conceive, why it continued in England, and perished in this country; not, as the gentleman supposes, by reason of the different action of the two Governments, but on account of causes which had passed beyond the reach of control from either Government.

Nature, by mysterious and immutable laws, has connected causes with their effects; and one is followed by the other with all the certainty of the revolving year; and he who finds a cause adequate to the production of a given effect followed by that effect, may fearlessly conclude that the latter is the offspring of the former.

It is equally a rule of sound philosophy, that nothing which does not in its nature appear adequate to the production of a given effect, is to be taken as its cause however immediately it may precede it. Now what act of the Government was adequate to the destruction of confidence?—The most that can be said is, that some of its acts may have been calculated to enfeeble, but not one can be pointed out adequate to its destruction. But there are two causes immediately before us, sufficient, as I think, to account for the different effects upon confidence in the two countries when alarm was excited. The first is, that England was a creditor country, and this a debtor country. The debtor could never draw from the creditor against his will, while the creditor had a