Free Trader

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THE EXCHANGES.

We hear it continually asserted that during the existence of a U. States Bank the exchanges were always in a good condition, and at cheap rates. This assertion is most positively contradicted by the history of the currency.—Exchanges will always be high when the currency is unsound and depreciated.

We have already shown how often that was the case during the existence of the U. States bank. We have already seen by the statement of the bank itself that exchange was as high as fifty per cent. in some of the western States during its existence. Exchange, when the banks honestly pay specie, can never be more than a trifle over the cost of the transportation of specie from point to point. This expense will not exceed two per cent. in any portion of the Union. As an unanswerable argument upon the doctrine of exchanges, we present the following extract from the memorial of the bank to Congress in 1821. It will be found in the ninth volume of American State Papers, page 590.

"Forty and fifty per cent. have been paid in the current medium in some parts of the western States, for the notes of the branches of the Bank of the U. States. If the notes of the branches had been made a local currency from their first establishment, the business of the bank would have been under control, and would no doubt, have been so regulated as to have judiciously distributed the capital of the bank.—Under such circumstances, for example, there is no doubt it would have been the interest of the bank to have sold exchange in the western States, on the Atlantic at a light premium, and to have received its payment by another operation of exchange on New Orleans, where the western States find their market. The premium of exchange, whatever it may at any time be, will be fixed by uncontrollable causes which are perfectly just and almost perfectly accurate. It must inevitably be as equitably and correctly fixed as the price of wheat, cotton, tobacco rice or any other commodity. It is an utter misconception of the principles of exchange to suppose that the bank of the U. States, with any capital, or any means, for terms of any material duration, could exact an unreasonable premium, if the currency be sound. If that be unsound, there is no basis for fair dealing, and it is idle to project remedies against unfair practices. The discerning will easily perceive, and the candid will readily admit, that the bank is more likely to suffer than to gain in such a state of things; but if the currency be sound the rates of exchange can never be excessive, because they can never materially, and for any considerable length of time, exceed the expense, risk, and loss of interest incurred by the transportation of the specie. The person desirous of purchasing exchange will either have the specie in his hands, or will receive it on demand from some bank whose notes he holds. Who, then, will be guilty of the folly of giving much more than the expense of transportation, &c.

"There will be competition, too, wherever there is gain, which will be carried on as far, and continued as long as it continues to be gainful. It is true that exchanges between some of the States have, for a considerable time past been very high. But wherever it was high the currency was in a greater or less degree unsound; the banks were curtailing and the currency decreasing. These causes could produce no other result. Had these causes not existed, the premiums of exchange would not have been high. In some places, though the banks pretended to pay specie for their notes; they evaded it in effect. Let specie be paid promptly and bona fida to-morrow in places where exchange is high, and the premiums of exchange will immediately fall to rates founded on the charges and risk of transporting specie, and a trifle, perhaps, beyond their aggregate. That this is an inevitable result, it is believed, has never been denied. In England it was denied that the adverse state of exchanges which that country suffered while its notes were inconvertible, depended on the suspension of cash payments; but it was never denied, that if the currency could at any time be converted into precious metals, the rates would be governed by the cost of transportation, &c. Let the currency be sound, and the premiums of exchange must be precisely just. To attempt to equalize exchange, or to place the charge of it on any other operations than those which shall cause a demand for it, will be as impracticable as it will be unjust."

Such is the testimony of the U. S. Bank in relation to the exchanges, from which we learn that a national Bank does not regulate exchange or control its price, but that this depends upon the payment of specie by the banks.

As a further illustration of the condition of the exchanges during the existence of a U. S. Bank, and at other periods, we make the following extract from a speech delivered by Col. Benton, in 1838, whose efforts to reform the currency and promote the liberties of the people, entitle him to the gratitude of his country and of mankind.

"This comparative table is made up from the prices current of Philadelphia, the very seat and citadel of the great regulator itself, and what does it say? Listen to it, and it will tell you.

"Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, and Connecticut, from 2 to 2½ per cent. discount in December, 1835; from 1½ to 2 in February, 1838. New York city par then and par now. Country banks of New York 1 1-2 to 2 per cent. discount then, par now. Baltimore 1-2 then, 1-4 now. Western Virginia 4 to 5 discount then, 2 1-2 to 3 now. North Carolina 2 1-2 to 5 then, 2 1-2 to 3 now. South Carolina 1 1-2 to 2 then, 2 1-2 to 3 now. Georgia 2 1-2 to 3 then, 3 1-2 to 4 now. Alabama 10 to 15 then, 9 to 9 1-2 now. Louisiana 5 to 6 then, 4 now. Mississippi 10 to 16 then 15 now. Tennessee 10 to 20 then 12 to 12 1-2 now. Ohio 4 to 6 then, 3 1-2 to 4 now. Kentucky (and, at the name of Kentucky, Mr. Benton raised his voice and repeated the name with great emphasis.) Kentucky from 45 to 55 and from 55 to 65 per cent. discount then, from 3 1-2 to 4 now. Let no gentleman suppose that there is any mistake in figures in this reference to Kentucky."

Why are the exchanges now confused and exhorbitant in some portions of the country?—It is because the banks do not honestly pay specie. It is because they evade specie payments by issuing this miserable, depreciated post note currency; and because they induce the planter to take it in exchange for cotton, the great producer of the specie and southern exchange. In those sections of the Union where the banks redeem their notes without evasion, exchange is as low at this moment as it ever was during the existence of a U. S. Bank.

In his address to the stockholders of the bank in 1831, Mr. Biddle declared, "As long as the general currency of the United States consists of specie for its equivalent, the rates of exchange between any two places in it can never much or permanently vary from the expenses of their transportation from one place to another; and a reduction to nearly that rate was the inevitable consequence of the resumption of specie payments." Thus we are told by the president of the bank that the payment of specie regulates and equalizes exchanges. Let the banks in this State not evade specie payments by issuing post notes and operating upon the fears of holders of their notes, and our citizens can purchase exchange on New York and Philadelphia for the cost of transporting specie to those places, and insurance which is 2 per cent., as the banks themselves prove by an actual transportation of the silver.

Such is the influence of the U. States Bank upon the exchanges. No reflecting man can fail to see that the Sub-treasury will be far more salutary in its operation, in this respect, because, 1st. it will restain the banks from that vicious tendency to ever-issues, and therefore compel them to maintain specie payments at all times which the president of the United States Bank declares is the equalization of the exchanges. 2d It will, to a limited extent, furnish drafts in the transfer of funds, which will be used as bills, being drawn against actual specie, and not the mere kites of Banking. Who then should wish to violate the constitution to establish a National Bank, which does not restrain, but stimulates the excesses of the local banks; which exports specie, which interferes with the policies of the country, which produces commercial distress for political purposes, which produces exhorbitant importations and thereby creates a foreign demand for the precious metals, and endangers the liberties of the country without affording any practical benefits.

If it be the duty of the General Government, as the federal party contend, to furnish and regulate a national currency, ought that immense power—to be placed in the hands of an irresponsible board of bank directors in one of the eastern cities. Is not such a doctrine monstrous and anti-republican in the extreme!

Another effect of a national bank is the destruction of Southern commerce by the means of the accumulation of capital and the concentration of the national revenues in the eastern cities, effected by a national bank. It has shown from the statistics of the country that Southern commerce has always declined with the establishment of the U. S. Bank.

The immense revenue deposited with such an institution amounts to a gratuitous loan of so much money, to be distributed out by the bank in loans and facilities to the business men of these cities.

While the cotton-growing States produce nearly two thirds of the exports of the whole Union, they import not one-tenth of the products exchanged for them. There is no reason in the nature of things why other cities should monopolize the commerce growing out of our staple. A circuitous trade, attended with re-shipments, is always more expensive than a direct trade. Rents are higher at the North than at the South, and freights are higher from Europe to N. York than from Europe to the Southern cites, to say nothing of storage and the expenses attending on a coast-wise trade. The South has been deprived of her trade by the system of high tariffs, the manner of collecting and disbursing the revenue; and by the immense credits this system has given to Northern enterprise through the agency of a U. S. Bank. Southern commerce has been kept by these enormous federal tributes. All that the South asks is, an administration of the government on terms of equality with reference to these subjects. It seeks no protection and bounties for itself, and should not be compelled to contribute them for others.

DEFALCATIONS & THE EXPENSES OF THE GOVERNMENT.

Upon these topics the Whig politicians have declaimed with all their wonted disregard of facts and circumstances. They have compared the aggregate expenses of the last administration with its predecessors, and pronounced it extravagant without any regard to the subjects of expenditure. General Jackson's administration is pronounced extravagant, because the sum total of expenditure exceeds that of the administration of J. Q. Adams. They have not the candor to tell the people that Gen. Jackson purchased immense territories of the Indians, now being filled with a white population. They have not the candor to tell the people that Gen. Jackson moved the indian tribes west of the Mississippi, that Indian wars have been incurred, that territorial governments have been established, that land offices have been organized, that the federal judiciary and the post routes and mail facilities have been increased and extended, that the army and navy have been enlarged that all these matters required an immense expense, which the administration of Mr. Adams did not incur, because it had not the ability to effect these objects. The federal leaders and orators kept out of view the utility of all these achievements of Gen. Jackson, and test the merits of his administration by comparing the sum total of his expenses with that of his predecessor, who achieved nothing for his country beyond keeping up the ordinary routine of the administration.

No allowance is made to Gen. Jackson for improvements, for the extension of territory or the growth of empire, by these federal accusers, but a balance sheet of expenses, after the manner of a grocer's clerk, is struck between the administration of Mr. Adams and Gen. Jackson, and held up as an infallible touchstone of the relative merits of the two administrations! A sort of political arithmetic, which obtains only with whig aspirants. Even the indemnity for spoilations of our commerce by foreign nations, which went unadjusted by post administrations, but the payment of which was secured by the perseverance of Gen. Jackson, being found among the disbursements, is set down by the federal orators as an item of expense and extravagance, although it was a sum received and paid out by the government to the claimants. The intelligence of the people is a sufficient protection against such barefaced misrepresentation. Moreover all the expenses complained of came from Congress in the shape of appropriations, and have uniformly been voted for by the whig party of Congress.

The subject of the defalcations is another topic upon which these federal orators have dwelt loud and long. It has furnished political capital to all the small politicians of that party. The whig leaders, especially, have gloated over it, as a piece of peculiar good fortune, and seem to regret that these delinquencies were not ten times greater than they are. These orators of woe have howled over the defaulters, like wolves around a penfold. That which is the country's loss and misfortune seems to be to them a matter of congratulation and extatic joy. They magnify the loss, and exult over it, as though it were their passport to power.

The federal orators forget that defalcations and losses have occured under all administrations, and much more under former ones, than the last or present.

They forget that the government has lost ten times as much by banks as by individuals, and that the present disposition in the community to neglect to comply with obligations, was produced by the spirit of speculation and the loose code of morality engendered by the whig banks. They declaim loudly in this state about the defalcations of Harris and Boyd, by whom the government will not ultimately lose exceeding a few thousand dollars, if any thing; they say nothing against the two deposite banks in this State who are in default to the government for nearly a MILLION of dollars; it is all right for them to violate their obligations—they are good whig banks, and must not be censured.

That upright and excellent officer, the present Secretary of the Treasury, who, as a Judge, as a Senator, and as a member of the Cabinet, has discharged his duty with integrity and signal ability, has been made the subject of much unjust abuse on the account of these defalcations; and has even been charged with lending them his countenance, because, as his accusers allege, he did not remove them when the defalcation was ascertained. The charge is false and slanderous in every particular, as the following document will prove:

Treasury Department,
December, 31 1839.

"Sir: In answer to your letter of the 28th inst., I would observe, that in the document 111, sent to the House of Representatives in January last, Mr. Harris the receiver, in note No. 48 on page 39, is stated to have paid part of his balance, and the remainder to be well secured.

"In Mr. Boyd's case it is understood that the balance is secured, and in the course of collection. Such is presumed to be the balance against Linn, it being in suit; and one of the sureties of the latter being Gov. Duncan, of Illinois. He was not in default when re-appointed.

"The officers were all dismissed, or they resigned, as soon as the balance against them, appearing in the current returns, were not paid over as directed; or satisfactory reasons not given for postponement.

"Spencer is not, and never has been, a defaulter on the books, to my knowledge.—He once delayed making a deposite from badness of the roads, but it was made as soon as they became passable.

I am, very respectfully,
Your ob't servant,
LEVI WOODBURY."

If the whig party have really such a holy horror of defalcations and defaulters, why do they oppose the measures of the administration, for punishing these delinquents? The Sub-Treasury system makes the delinquencies a penitentiary offence, yet all the whig members of congress voted against the bill. In this State we have made embezzlement of the public money, by our fiscal agent a penitentiary offence; yet the whig party have not supported the measure, as a State party, but oppose it when applied to the officers of the General government. Such is their consistency!

The following statement, copied from the official documents, is a complete vindication of the democratic party upon this subject, and proves that other administrations have been far more prolific in defalcations and government losses, than those of Jackson and Van Buren:

Losses under different Administrations.

Washington's administration,		$13,000 00
John Adams'	do	22[illegible],000 00
Jefferson's	do	200,000 00
Madison's	do	5,240,000 00
Monroe's	do	1,140,000 00
John Q. Adams'	do	425,000, 00
Jackson's	do exclusive of Swartwout and Price,	302,000 00

BANK REFORM.

Fellow-citizens, the disease and the remedy of our local currency lies in state legislation. We have already shown from the history of the past, that a national bank cannot cure the vices of the State banks; this must be effected by a system of sound legislation on the part of the States; without which we shall have a depreciated currency, despite the existence of a national bank; for it is pretended by no one that such an institution can furnish more than a fraction of the general circulating medium. With you then it rests to elect men to the Legislature who will go for a deep and thorough reform of the banking institutions of the State, which have so long plundered it by their worthless, depreciated issues of paper money.

The whig party in this state have affected to deny being the authors of the multiplication of bank charters. This were a difficult task, unless they could blot their names and votes from the journals of the legislature. The votes have been published, and prove incontestibly that the great body of the whig party supported the banks and bank measures, while they as invariably prove that the great mass of the democratic members went against these charters and shinplaster operations. Exceptions there were on both sides, but it appears beyond controversy that a very small portion of the democrats acting with the great majority of the whig party have produced the vast number of banks in this State. They who will take the trouble of examining the journals since 1836, will learn, that on an average the proportion of whigs voting for the banks is about two to one more than democrats, and that the average of democrats voting against bank charters is three to one of whigs. Besides, is it not fresh in the recollection of the whole country that not six months since the whigs were denouncing the democratic party as agrarians, because of their opposition to banks and bank charters? Yet the whig party, like an unnatural parent, now attempt to disavow their own offspring. It is too late; illegitimate, scurvy, and ill-named as the bantling is, they must father it; the marks of whig paternity are too strongly written upon the lineaments of its countenance to leave any doubt of the authors of its existence.

Without denying that they have voted uniformly for bank charters, the whigs essay to skulk from all responsibility, by alleging that they were not in the majority when these charters were passed. In other words they admit their own wrong, but attempt to excuse their wickedness by the plea of political infancy, holding up the democrats as their guardians. As democrats, we decline the wardship, and leave the responsibility where it properly belongs. Had the whigs voted against the banks with half the uniformity of the democratic party, the State would not now be afflicted with the evils of a depreciated currency.

Unfortunately for the denial of the responsibility on the part of our opponents, they had the majority at the last session in the house of representatives, where originated and passed a series of shinplaster measures, which would have resulted in the utter extinction of every interest of this people, had not those measures been resisted by the veto power of the Governor. The attempt of the whigs to deny that they have been, and are now, the zealous advocates of banks, is a most shallow subterfuge, too weak to impose upon any portion of the intelligent population of this State. If the whigs are opposed to unsound banking, why do they not join heart and hand in the correction of its evils. The reason is obvious—the leaders of the Whig party in this state are, very generally, entwined with the banks as stockholders and directors, and are therefore interested in keeping up the present state of things. It is their harvest, and no efficient aid in remedying the currency is to be anticipated from that quarter.

Democrats, with you exclusively rests this great work of reforming the currency; it is to be hoped you will not take the hollow pledges of opponents, but will unite on men

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of our own sentiments and principles. It is to be hoped that patriotism will prevail over the selfish ambition of individuals, and that your strength will not be wasted, and the success of your principles jeopardized by running two candidates, when but one can succeed. This is a great struggle for principle; it is no time for party divisions and personal bickerings, and every democrat actuated by sentiments of patriotism and love of country will so think and act.

If men of the right stamp are returned to the Legislature the currency will be reformed, and especially will be reformed those banks in which the State is interested as stockholders, and for whose insolvency, should it occur, the people are liable to excessive enormous and oppressive taxation. It is with the people now to say, whether they will have a sound currency or continue the present worthless and broken corporations in their course of public robbery and private plunder.

In the front rank of this task of bank reform in Mississippi stands the gentleman who fills the gubernatorial chair and as the lovers of truth, of justice, of political right and your own interest, we call on you to rally to his support. For a series of years he has been the untiring opponent of fraudulent banks and rotten paper money systems.

He assailed them in his first message to the legislature, and his efforts have continued unceasing; many bank charters have been defeated by the exercise of his constitutional veto, and the present post note currency, for which you have been taxed in depreciation to the amount of twenty-five per cent., was adopted by the State institution against his most earnest remonstrance, and in despite of his negative, sustained by the democratic branch of the Legislature. For his efforts to protect the people against bank swindling he has been made the object of incessant revilings, abuse and mis-representation, by the federal party, while the most astute and bitter of his opponents have not been able to point to a single measure of his administration, apart from the currency, which they could censure. All acknowledge that A. G. McNutt has made an able and faithful Governor. We call on all, without distinction of party, who desire a reform of the currency, and who can appreciate a series of honest and well directed efforts in the public service, to give him their cordial and hearty support.

Fellow-citizens, presented for your suffrages by the democratic party, are gentlemen you can feel an honest pride in sustaining, both as men and as politicians. The well earned fame of Mr. Walker, in the senate of the U. States, his efforts to produce a reduction of the price of the public lands, his exertions to secure the rights of the settlers on the public lands, and the claims of Mississippi and the new states to an equal share in the advantages of the public domain, recommend him to your most ardent support for re-election to that distinguished station he now holds. Nor should his present efforts to aid in the reform of the banking system be remembered without gratitude. You will require no excitation to make his election a question in every county. Again we conjure you, take not the hollow pledges of your opponents. Remember that upon the result of his election, depends the Senatorial vote of Mississippi for the Independent Treasury.—That measure of reform and divorce of bank and State, recommended by the patriot and statesman, Martin Van Buren, and supported by him through evil and good report with a constancy and firmness worthy of a Sydney or a Hampden; a constancy which neither the loud denunciations of his opponents, nor the treachery of pretended friends could move from his high purpose. Remember, also, that the same measure of divorce and regeneration is involved in the election of Messrs. Brown and Thompson, the democratic candidates for Congress, gentlemen of character and ability, and every way worthy of confidence and support. The democratic candidates for Auditor, Secretary of State and Treasurer, are men competent to the high station for which they have been nominated, and deserving of the suffrages of their fellow citizens.

On the first Monday of November next, you will be called upon to defend and maintain, with your suffrages, the doctrine of the democratic republican party as illustrated by Jefferson and enforced by the present administration. You must then choose between the republican doctrines of '98 and the old federal creed now inculcated by the mis-called whig party. That the democratic party has a triumphant majority in this State the most sceptical cannot doubt. Our opponents are already pale with affright; three months ago they saw the writing on the wall, and their knees smote together, in the tribulation of anticipated defeat. But let not the sentinel slumber on his post, let us not rest inactive in the security of our strength. Let us show to our sister States who have lately done such noble battle, and achieved such proud victories in the cause of democracy; that the chivalry of Mississippi can do still better. Every man should reflect that the day given to the