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*Free Paper*  
*W. H. Hatcher*

## THE SOUTHERN BANNER

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## PRESIDENT'S MESSAGE.

Senate and House of Representatives of the United States.

You have been assembled in the halls of legislation under a proclamation bearing the signature of the illustrious man who was so lately called by the direct voice of the people, to the discharge of the important duties of his chief executive office. The expiration of a single month from the date of his installation, he has paid the great debt, leaving behind him a name associated with the recollection of numerous benefits conferred on the country, during a long life of patriotic devotion.—With this public bereavement are connected other considerations which will not attract the attention of Congress. The preparations for his removal to the seat of government, in view of a residence of four years, must devolve upon the late President heavy duties, which, if permitted to burden the resources of his private fortune, may tend to the embarrassment of his surviving family, and it is, therefore, respectfully submitted, whether the ordinary principles of propriety would not dictate the propriety of its interposition. By the provisions of the fundamental law, the powers and duties of the President, to which he was elected, have devolved upon me, and in the dispositions of the representatives of the States and of the people, will be seen to a great extent, a solution of the problem which our institutions are for the first time

confronted. In the discharge of the duties of this office, I did not feel that it would be becoming in me to disturb the public mind by any lamented predeceessor. Whatever, therefore, may have been my original feelings, to the propriety of conventional respect, I found a new and controlling element not to interfere with the patriotic devotion of the late President, in the navy of the country, in which I was so unexpectedly placed. With such circumstances, would I have been called to my aid, in the administration of public affairs, the combined counsel and advice of the best minds of the country, and the country well acquainted with the embarrassments weighing heavily on the mind, then, most happy in finding myself, after my accession to the Presidency, sustained by the immediate representatives of the people.

Important changes having taken place in our institutions since the last session of Congress, and deemed necessary on this occasion to go into a detailed statement in regard to them. I am glad to say that I see nothing to destroy the hope of our people to preserve peace.

The negotiation of the treaty with Portugal has been exchanged between the two Governments. This government has not been inattentive to the interests of those of our citizens who claim on the Government of Spain, founded on treaty stipulations, and a hope is indulged, that the representations which have been made to the Government, on this subject, may lead, ere long, to beneficial results.

Correspondence has taken place between the Secretary of State and the Minister of Her Britannic Majesty accredited to this Government, on the subject of Alexander McLeod's indictment and conviction, copies of which are herewith commended to Congress.

In addition to what appears from these papers, it is proper to state that Alexander McLeod was heard by the Supreme Court of the State of New York, on his motion to be discharged from prison, and that the decision of that court has been pronounced.

The Secretary of State has addressed to me a paper on two subjects, interesting to the commerce of the country, which will receive my consideration, and which I have the honor to commend to Congress.

As it depends upon the course of this Government, our relations of good will and friendship will be sedulously cultivated with all nations. Our American policy will be found to consist in the maintenance of a spirit of justice to be maintained in the discharge of all our international obligations, to the weakest of the family of nations, as well as to the most powerful. Occasional differences of opinion may arise, but when the occasion incident to them are conducted in the spirit of truth, and with a strict regard to justice, the course of war will for the most part be avoided.

The time ought to be regarded as having passed, when a resort to arms is to be esteemed the only proper arbiter of national differences.

The census recently taken shows a regularly increasing population. Upon the termination of the war of the Revolution, our population scarcely equalled three millions of souls; and now exceeds seventeen millions, and will probably increase in a ratio which duplicates in about 23 years. The old States contribute a sufficient amount in itself to maintain a population of additional millions, and the most fertile of the new States may even yet be rendered partially settled, while on the other side of the Rocky Mountains, to say the least, of those mountains to the north of the Columbia river, about 770,000,000 of acres, and unoccupied, still remain to be brought into cultivation. We hold out to the people of other countries an invitation to come and settle among the members of a rapidly growing family; & for

the blessings we offer them, we require of them to look upon our country as their country, and to unite with us in the great task of preserving our institutions, and the only perpetuating our liberties. We desire but to reclaim our almost illimitable wilderness, and to introduce into their depths the lights of civilization. While we shall at all times be prepared to vindicate the national honor, our most earnest desire will be to maintain an unbroken peace.

In presenting the foregoing views, I cannot withhold from the expression of the opinion that there exists nothing in the extension of our empire over our acknowledged possession to excite the alarm of the patriot for the safety of our institutions. The federative system of leaving to each State the care of its domestic concerns, and devolving on the Federal Government those of general import, admits in safety of the greatest expansion; but, at the same time, I deem it proper to add there will be found to exist at all times, an imperious necessity for restraining the functionaries of this Government within the range of their respective powers, thereby preserving a just balance between the powers granted to this Government and those reserved to the State and to the people.

From the report of the Secretary of the Treasury, you will perceive that the fiscal means present and accruing are insufficient to supply the wants of the Government for the current year. The balance in the Treasury on the fourth day of March last, not covered by outstanding drafts, and exclusive of trust funds, is estimated at \$500,000. This includes the sum of \$215,000 deposited in the mint and its branches to procure metal for coining and in process of coining, and which could not be withdrawn without inconvenience, thus leaving subjects to draft in the various depositories the sum of \$645,000. By virtue of two several acts of Congress, the Secretary of the Treasury was authorized to issue, on and after the 4th day of March last, Treasury notes to the amount of \$5,414,000 making an aggregate available fund of \$6,059,000 on hand.

But this fund was chargeable with outstanding Treasury notes redeemable in the current year, and interests thereon to the estimated amount of two millions two hundred and eighty thousand dollars. There is also thrown upon the Treasury the payment of a large amount of demands accrued in whole or part in former years, which will exhaust the available means of the Treasury, and leave the accruing revenue, reduced as it is in amount, burdened with debt and charged with the current expenses of the Government. The aggregate amount of outstanding appropriations of the fourth day of March last was \$33,429,616 50, of which \$24,210,000 will be required during the current year; and there will also be required for the use of the War Department additional appropriations to the amount of two millions five hundred and eleven thousand one hundred and thirty two dollars and ninety-eight cents, the special objects of which will be seen by reference to the report of the Secretary of War.

The anticipated means of the Treasury are greatly inadequate to this demand. The receipts from customs for the last three quarters of the last year, and the first quarter of the present year amounted to \$12,100,000; the receipts for lands for the same time to \$2,742,450, showing an average revenue from both sources of \$1,236,570 per month. A gradual expansion of trade growing out of a restoration of confidence, together with a reduction in the expenses of collecting and punctuality on the part of collecting officers, may cause an addition to the monthly receipts from the customs. They are estimated for the residue of the year, from the fourth of March, at \$11,000,000; the receipts from the public lands for the same time are estimated at \$2,500,000; and from miscellaneous sources at \$170,000; making an aggregate of available fund within the year of \$14,670,000; which will leave a probable deficit of \$11,306,132 98. To meet this some temporary provision is necessary, until the amount can be absorbed by the excess of revenues which are anticipated to accrue at no distant day.

There will fall due within the next three months Treasury notes of the issue of 1840, including interest, about \$2,850,000. There is chargeable in the same period for arrearages for taking the 6th census 294,000; dollars and the estimated expenditures for the current service are about 8,100,000 dollars, making the aggregate demands upon the Treasury, prior to the first of September next, about 11,340,000 dollars.

The ways and means in the Treasury, and estimated to accrue within the above named period, consist of about 694,000 dollars, of funds available on the 28th ultimo, an unissued balance of Treasury notes authorized by the act of 1841, amounting to 1,955,000 dollars and estimated receipts from all sources of 3,500,000; making an aggregate of about 4,150,000, and leaving a probable deficit on the first of September next of 5,845,000 dollars.

In order to supply the wants of the government, an intelligent constituency, in view of their best interests, will, without hesitation, submit to all necessary burdens. But it is nevertheless important to impose them as to avoid defeating the just expectations of the country, growing out of pre-existing laws. The act of the second March, 1833, commonly called the compromise act, should not be altered except under urgent necessities, which are not believed at this time to exist. One year only remains to complete the series of reductions provided for by that law, at which time, provisions made by the same law, and which then will be brought actively in aid of the manufacturing interests of the Union, will not fail to produce the most beneficial results.—Under a system of discriminating duties imposed for purposes of revenue, in unison with the provisions of existing laws, it is to be hoped, that our country will in future be able to maintain, so as to avoid those constant fluctuations which defeat the very objects they have in view. We shall thus best maintain a position which, while it will enable us to more readily meet the advances of other countries calculated to promote our trade and commerce, will at the same time leave in our own hands means of retaliating with greater effect unjust regulations.

An intimate connection with the question of revenue is that which makes provision for a suitable fiscal agent capable of adding increased facilities in the collection and disbursement of the public revenues, rendering more secure their custody, and conducting a true economy in the great, multiplied and delicate operations of the Treasury Department. Upon such an agent depends in an

eminent degree, the establishment of a currency of uniform value, which is of so great importance to all the essential interests of society; and on the wisdom to be manifested in its creation much depends. So intimately interwoven are its operations, not only with the interests of individuals, but with those of the States, that it may be regarded in a great degree as controlling both.—If paper be used as the chief medium of circulation and the power be vested in the Government of issuing it at pleasure, either in the form of Treasury drafts or any other, or if banks be used as the public depositories, with liberty to regard all surpluses from day to day, as so much added to their active capital, prices are exposed to constant fluctuations, and industry to severe suffering.

In the one case, political considerations directed to party purposes, may control, while excessive cupidity may prevail in the other. The public is thus constantly liable to imposition. Expansions and contractions may follow each other in rapid succession, the one engendering a reckless spirit of adventure and speculation, which embraces States as well as individuals, the other causing a fall in prices, and accomplishing an entire change in the aspect of affairs. Stocks of all kinds rapidly decline—individuals are ruined, and States embarrassed even in their efforts to meet with punctuality the interest on their debts. Such unhappily is the state of things now existing in the United States. These effects may be readily traced to the causes above referred to. The public revenues on being removed from the then Bank of the United States under an order of a late President, were in the selected State Banks, which, actuated by the double motive of facilitating the government and augmenting their profits to the greatest possible extent, enlarged extravagantly their discounts, thus enabling all other existing banks to do the same.

Large dividends were declared, which stimulating the cupidity of capitalists, caused a rush to be made to the Legislatures of the respective States for similar acts of incorporation, which by many of the States, under a temporary infatuation were readily granted, and thus the augmentation of the circulating medium, consisting almost exclusively of paper, produced an almost fatal delusion. An illustration, derived from the land sales of the period alluded to, will serve best to show the effect of the whole system. The average sales of the public lands, for a period of ten years prior to 1831, had not much exceeded 2,000,000 dollars per annum. In 1831 they attained in round numbers, to the amount of 6,000,000 dollars. In the succeeding year of 1835 they reached 13,000,000 dollars. And the next year of 1836, they amounted to the enormous sum of 20,000,000 dollars. Thus crowding into the short space of three years, upwards of twenty-three years' purchase of the public domain. So apparent had become the necessity of arresting this course of things, that the executive department assumed the highly questionable power of discriminating in the funds to be used in payment by different classes of public debtors, a discrimination which was doubtless designed to correct this most ruinous state of things by the exaction of specie in all payments for the public lands, but which could not at once arrest the tide which had so strongly set in.—Hence, the demands for specie became unceasing, and corresponding prostration rapidly ensued under the necessities created with the banks to curtail their discounts, and thereby to reduce their circulation. I recur to these things with no disposition to censure pre-existing administrations of the government, but simply in exemplification of the truth of the position which I have assumed. If, then, any fiscal agent which may be created shall be placed, without due restrictions, either in the hands of the administrators of the government, or those of private individuals, the temptation to abuse will be resistless. Objects of political aggrandizement may seduce the first, and the promptings of a boundless cupidity will assail the last. Aided by the experience of the past, it will be the pleasure of Congress so to guard and fortify the public interest, in the creation of any new agent, as to place them, so far as human wisdom can accomplish it, on a footing of perfect security. Within a few years past, three different schemes have been before the country. The charter of the Bank of the United States expired by its own limitation in 1836. An effort was made to renew it, which received the sanction of the two Houses of Congress, but the then President of the United States exercised his veto power, and the measure was defeated.

A regard to truth requires me to say that the President was fully sustained in the course he had taken, by the popular voice. His successor in the Chair of state unqualifiedly pronounced his opposition to any new charter of a similar institution; and not only the popular election which brought him into power, but the elections through much of his term, seemed clearly to indicate a concurrence with him in sentiment on the part of the people. After the public moneys were withdrawn from the United States Bank, they were placed in deposit with the State Banks, and the result of that policy has been before the country. To say nothing as to the question whether that experiment was made under propitious or adverse circumstances, it may safely be asserted that it did receive the unqualified condemnation of most of its early advocates, and it is believed was also condemned by the popular sentiment. The existing sub-Treasury system does not seem to stand in higher favor with the people, but has recently been condemned in a manner too plainly indicated to admit of a doubt.—Thus, in the short period of eight years, the popular voice may be regarded as having successively condemned each of the three schemes of finance to which I have adverted. As to the first, it was introduced at a time (1816) when the State banks, then comparatively few in number, had been forced to suspend specie payments, by reason of the war which had prevailed with Great Britain. Whether if the United States Bank charter which expired in 1811 had been renewed in due season, it would have been enabled to continue specie payments during the war and the disastrous period to the commerce of the country which immediately succeeded, is, to say the least, problematical; and whether the United States Bank of 1816 produced a restoration of specie payments, or the same was accomplished through the instrumentality of other means, was a matter of some difficulty at that time to determine. Certain it is, that for the first years of the operation of that bank, its course was as disastrous as for the greater part of its subsequent career it became calamitous.

As to the second, the experiment was tried with a redundant Treasury, which continued to increase until it seemed to be part of wisdom to distribute

the surplus revenue among the States, which operating at the same time with the Specie Circular, and the causes before adverted to, caused them to suspend specie payments, and involved the country in the greatest embarrassment.—And, as to the third; if carried through all the stages of its transmutation from paper and specie to nothing but the precious metals, to say nothing of the insecurity of the public money, its injurious effects have been anticipated by the country in its unqualified condemnation.—What now is to be regarded as the judgement of the American people on this whole subject, I have no accurate means of determining, but by appealing to their more immediate representatives. The late contest which terminated in the election of General Harrison to the Presidency, was decided on principles well known and openly declared, and while the Sub-Treasury received in the result the most decided condemnation, yet no other scheme of finance seemed to have been concurred in.—To you, then, who have come more directly from the body of our common constituents, I submit the entire question, as best qualified to give a full exposition to their wishes and opinions.—I shall be ready to concur with you in the adoption of such system as you may propose, reserving to myself the ultimate power of rejecting any measure which may in my view of it conflict with the Constitution, or otherwise jeopard the prosperity of the country; a power which I could not part with even if I would but which I will not believe any act of yours will call into requisition.

I cannot avoid recurring, in connection with this subject to the necessity which exists for adopting some suitable measure whereby the unlimited creation of banks by the States may be corrected in future. Such result can be most readily achieved by the consent of the States, to be expressed in the form of a compact among themselves, which they can only enter into with the consent and approbation of this Government; a consent which might, in the present emergency of the public demands, justifiably be given in advance of any action by the States as an inducement to such action upon terms well defined by the act of tender. Such a measure, addressing itself to the calm reflection of the States would find, in the experience of the past, and the condition of the present, much to sustain it. And it is greatly to be doubted whether any scheme of finance can prove for any length of time successful, while the States shall continue in the unrestrained exercise of the power of creating banking corporations. The power can only be limited by their consent.

With the adoption of a financial agency of a satisfactory character, the hope may be indulged that the country may once more return to a state of prosperity. Measures auxiliary thereto, and in some measure, inseparably connected with its success, will doubtless claim the attention of Congress. Among such, a distribution of the proceeds of the sales of the public lands, provided such distribution does not force upon Congress the necessity of imposing upon commerce heavier burdens than those contemplated by the act of 1833, would act as an efficient remedial measure, by being brought directly in aid of the States. As one sincerely devoted to the task of preserving a just balance in our system of government, by the maintenance of the States in a condition the most free and respectable, and in the full possession of their power, I cannot otherwise than feel desirous for their emancipation from the situation to which the pressure on their finances now subjects them. And, while I must reiterate as a measure founded in error, and wanting constitutional sanction, the slightest approach to an assumption by this Government of the debt of the States, yet I can see in the distribution adverted to, much to recommend it. The compact between the proprietor States and this Government expressly guarantee to the States all the benefits which may arise from the sales. The mode by which this is to be effected addresses itself to the discretion of Congress, as the trustee for the States; and its exercise, after the most beneficial manner, is restrained by nothing in the grants or in the Constitution, so long as Congress shall consult that equality in the distribution which the compact require. In the present condition of some of the States, the question of distribution may be regarded as substantially a question between direct and indirect taxation. If the distribution be not made in some form, or other, the necessity will daily become more urgent with the debtor States for a resort to an oppressive system of direct taxation, or their credit, and necessarily their power and influence, will be greatly diminished. The payment of taxes, after the most inconvenient and oppressive mode, will be exacted in place of contribution, for the most part voluntarily made, and therefore comparatively unoppressive. The States are emphatically the constituents of this Government; and we should be entirely regardless of the objects held in view by them in the creation of this Government if we could be indifferent to their good. The happy effects of such a measure upon all the States would immediately be manifested.

With the debtor States it would affect the relief to a great extent of the citizens from a heavy burden of direct taxation which presses with severity on the laboring classes, and eminently assist in restoring the general prosperity. An immediate advance would take place in the price of the State securities, and the attitude of the States would become once more as it should ever be, lofty and erect. With States laboring under no extreme pressure from debt, the fund which they would derive from this source, would enable them to improve their condition in an eminent degree. So far as this Government is concerned, appropriations to domestic objects, approaching in amount the revenue derived from the land sales, might be abandoned, and thus a system of unequal and therefore unjust legislation would be substituted by one dispensing equality to all the members of this confederacy.

Whether such a distribution should be made directly to the States in the proceeds of the sales, or in the form of profits by virtue of the operations of any fiscal agency having these proceeds as its basis, should such measure be contemplated by Congress, would well deserve its consideration. Nor would such disposition of the proceeds of the sales in any manner prevent Congress from time to time from passing all necessary pre-emption laws for the benefit of actual settlers, or from making any new arrangement as to the price of the public lands as might in future be esteemed desirable.

I beg leave particularly to call your attention

to the accompanying report from the Secretary of War. Besides the present state of the war which has so long afflicted the Territory of Florida, and the various other matters of interest therein referred to, you will learn from it that the Secretary has instituted an enquiry into abuses which promise to develop gross enormities in connection with Indian treaties which have been negotiated, as well as in the expenditures for removal and subsistence of the Indians. He represents, also, other irregularities of a serious nature that have grown up in the practice of the Indian Department, which will require the appropriation of \$200,000 to correct, and which claim the immediate attention of Congress.

In reflecting on the proper means of defending the country, we cannot shut our eyes to the consequence which the introduction and use of the power of steam upon the ocean are likely to produce in wars between maritime States. We cannot yet see the extent to which this power may be applied in belligerent operations, connecting itself as it does with recent improvements in the science of gunnery and projectiles; but we need have no fear of being left, in regard to these things, behind the most active and skillful of other nations, if the genius and enterprise of our fellow-citizens receive proper encouragement and direction from Government.

True wisdom would, nevertheless, seem to dictate the necessity of placing in perfect condition those fortifications which are designed for the protection of our principal cities and roadsteads. For the defence of our extended maritime coast, our chief reliance should be placed on our navy, aided by those inventions which are destined to recommence themselves to public adoption. But no time should be lost in placing our principal cities on the seaboard and the lakes in a state of entire security from foreign assault. Separated as we are from the countries of the old world, and in much unaffected by their policy, we are happily relieved from the necessity of maintaining large standing armies in times of peace. The policy which was adopted by Mr. Monroe, shortly after the conclusion of the late war with Great Britain, of preserving a regularly organized staff sufficient for the command of a large military force, should a necessity for one arise, is founded as well in economy as in true wisdom. Provision is thus made, upon filling up the rank and file, which can readily be done on any emergency, for the introduction of a system of discipline both promptly and efficiently. All that is required in time of peace is to maintain a sufficient number of men to guard our fortifications, to meet any sudden contingency, and to encounter the first shock of war. Our chief reliance must be placed on the militia. They constitute the great body of national guards, and, inspired by an ardent love of country, will be found ready at all times, and at all seasons, to repair with alacrity to its defence. It will be regarded by Congress, I doubt not, at a suitable time, as one of its highest duties to attend to their complete organization and discipline.

The state of the Navy Pension Fund requires the immediate attention of Congress. By the operation of the Act of the 4th March, 1827, entitled "An Act for the more equitable administration of the Navy Pension Fund," that fund has been exhausted. It will be seen from the accompanying report of the Commissioner of Pensions, on the first of July next, \$84,006-034 and on the 1st of January, 1842, the sum of \$60,000. In addition to these sums, about \$9,000 will be required to pay the arrears of Pensions, which will probably be allowed between the first of July and the first of January, 1842, making in the whole \$150,006 064. To meet these payments there is within the control of the department the sum of 28,040 dollars, leaving a deficit of \$121,966 064. The public faith requires that immediate provision should be made for the payment of these sums.

In order to introduce into the Navy a desirable efficiency, a new system of accountability may be found to be indispensably necessary. To mature a plan having for its object the accomplishment of an end so important, and to meet the just expectations of the country, require more time than has yet been allowed to the Secretary at the head of the department. The hope is indulged that by the time of your next regular session measures of importance, in connexion with this branch of the public service, may be matured for your consideration.

Although the laws regulating the Post Office Department only require the officer charged with its direction to report at the usual annual sessions of Congress, the Post Master General has presented to me some facts connected with the financial condition of the Department, which are deemed worthy the attention of Congress. By the accompanying report of that officer, it appears that the existing liabilities of that Department beyond the means of payment at its command cannot be less than 500,000. As the laws organizing that branch of the public service confine the expenditure to its own revenues, deficiencies therein cannot be presented under the usual estimates for the expenses of Government. It must therefore be left to Congress to determine whether the moneys now due to contractors shall be paid from the public Treasury, or whether that Department shall continue under its present embarrassments. It will be seen by the Report of the Post Master General, that the recent lettings of contracts in several of the States have been made at such reduced rates of compensation as to encourage the belief that, if the department was relieved from existing difficulties, its future operations might be conducted without any further call upon the general treasury.

The power of appointing to office is one of a  
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