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Congress.

SPEECH OF THE HON. MR. PEARSON,
On the 25,000,000 Loan Bill.

MR. CHAIRMAN,

The extent and variety of this discussion may perhaps, tend to impair the real importance, and intrinsic solemnity of the subject immediately presented to our consideration. It is, however, so intimately connected with the characteristic policy and avowed objects of the administration, as to render their separation almost impracticable, and may well justify, if not positively demand, some enquiry into that policy and those objects. By the bill on your table, together with the issue of paper, called Treasury Notes, for five millions of dollars, it is proposed to obtain thirty millions of dollars, on the credit of the government, to be applied exclusively to the military and naval service of the current year—the whole receipts from taxes and other sources of revenue, not amounting to more than the payment of interest on former loans—the stipulated reimbursement of part of the old debt and expenses of the civil list. The first question which presents itself, is this—can the administration borrow, on terms which they ought to accept, the immense sum now proposed? I profess not, sir, any peculiar skill in finance, and but a limited knowledge of the fiscal concerns of this country. I will, therefore, not hazard a positive opinion as to the practicability of obtaining the proposed loan, though I have no hesitation in believing, that it will not be obtained with the facility imagined by some gentlemen, and that the practical resources of the country, in its present situation, have been greatly over-rated.

The hon. chairman of the committee of ways and means, (Mr. Eppes) in a manner perhaps required to insure success to his measures, exhibited a very flattering prospect of the aggregate value of our country—the annual profits of industry; and the probable amount of necessary and unnecessary circulating medium—I object not to the effort of that gentleman, to convince us of the ability of the country, and the interest of the money lenders to lend, when his object is to borrow. In private life, when a proposition is made, or a favor asked, the appeal is made to our ability or our interest. If our charity is applied to, the excellence of that cardinal virtue is not only portrayed by the successful mendicant, but his claim becomes irresistible the moment he persuades us that virtue is eminently our own.

All estimates of the character of those which the gentleman has furnished, must in their nature be uncertain, because their great basis rests principally on conjecture. Were I asked to set a price on the soil of my country, which would compensate its present possessors for the abandonment of it, and oblige them to seek existence in other climes, I would indignantly say—Not the accumulated wealth of the world could for a moment tempt us to part with the land of our fathers—our inestimable inheritance.—In this point of view, the estimate of the capital of the country at \$2,567,480,000 is far below its intrinsic value. If on the contrary, the idea is intended to be conveyed that this sum constitutes a disposable capital or a fund from which is derived a profit in any considerable degree equal to the ordinary interest of money, such a supposition is too illusory to require refutation. Without examining the several items which are assumed as constituting this general aggregate of our wealth, I will content myself with examining one only; and should it appear to have been over-rated nearly one hundred fold, the elaborate superstructure of the hon. chairman must necessarily be shaken, and the whole fabric left for its support on little more than vague conjecture and visionary speculation. The item I allude to is \$800,000,000, the estimated value of our wild unappropriated lands. What these lands may be worth some centuries to come, I pretend not to say—but it is a well known fact, that the average proceeds from the sale of them for the last 6 or 8 years, has not exceeded \$600,000, and as this seems to be the era for conquest, and further extension of our territorial limits, I doubt whether we can, for many years to come, calculate on increased sales of unappropriated lands. Taking then \$600,000 as the annual value of this fund, it is evident a disposable capital of ten millions would yield an equal income. The conclusion is irresistible, that this estimated capital of 800,000,000 employed in the manner in which it is, and probably as it ought to be, is only equal to ten millions of specie, or other active capital. Thus for all practical financial purposes, the estimated value of those lands is eighty fold beyond their real disposable value. Sir, we might as well boast of the value of the air we breathe, or of our political institutions, as to talk of a fund which cannot be brought into action, or in any way converted to meet the pecuniary exigencies of the government. The comparison, I think, for the purposes of the argument, a fair one. This little book (the constitution) is worth to my country more than

would be the wealth of Europe—at the same time it can be purchased in any book shop, for the cost of printing and paper. The sum which could be raised from the exclusive sale of it would bear no imaginable proportion to its intrinsic value—so also must be the result of all calculations, for financial purposes, on those wild lands, and a vast proportion of undisposible capital in this and every other country.

The gentleman (Mr. Eppes) has also favored us with an estimate of the annual income arising from his assumed capital.—To this the same general objections will equally apply; the premises being assumed, the conclusions are necessarily inconclusive. The result of this estimate gives us an annual income of \$335,849,600. The first remark which occurs to me is the very extraordinary circumstance of the gentleman having omitted to discriminate between the net and gross income, arising from any given object; we are therefore totally at a loss to know whether to consider this result as comprehending the net or gross income arising from the capital of the country. I presume, however, it is a mixture of both, and therefore affords a latitude for conjecture, too broad to arrive at the truth. It cannot be net income, because the amount exceeds twelve per cent. on the given capital; a result which the most sanguine cannot admit. It cannot be gross income, because it is well known the annual produce from agriculture exceeds \$19,640,600—as is sufficiently proved by the official reports of annual domestic exports—which in better times amounted to nearly fifty millions of dollars, and would now exceed that amount, were it not for the war and that deadly incubus, the embargo, which presses to death the resources and activity of the country. The sum allowed for commercial income may remain as a rule for other times, at present we have no commerce, and consequently no income from that source.

Without examining all the items of this account of the hon. Chairman, I cannot avoid noticing the last, though not least, article on the list. It is the product of other occupations, including manufactures, as stated in the last census, amounting to \$17,200,000. This, I presume, must be intended as the gross product, and indeed it is so gross, as not to be susceptible of application by the government, to any purposes of finance. I admit, with great satisfaction, the intrinsic value of our domestic manufactures—our people, of almost every description, particularly the laborious class, are clothed with the fabrics made, for the most part, in their own families. This is as it ought to be, and is far preferable to those hoit-bed manufacturing establishments, which sprang up in times of national depression, and can only flourish on the ruins of agriculture and commerce, particularly in the southern and middle states, where our dispersed population, our fertile fields and extensive sea coast, all point to the plough and the ship, as the instruments of their wealth and prosperity—as the means most conducive to national good and individual virtue.

I would seriously ask gentlemen, what revenue they could expect to derive from a tax on the domestic manufactures of the southern, middle, or even western states? Were this attempted, it might not literally take the bread out of the mouth of the laborer, but it would strip him of the garments he wore—it would bear most heavily on the poorer class of citizens, and in proportion to the number of women and children in a family, in that proportion would such a tax operate on them. In the states which I have mentioned we have no surplus manufactures—and from all the states the exports from manufactures, I believe, cannot be calculated at more than half a million of dollars. The exports from those sources did not, the last year, exceed about three hundred thousand dollars. From this course of reasoning, I am warranted in concluding that, for government use, or financial purposes, this immense sum, of \$172,000,000, dwindles down to about half a million of dollars, and that more cannot be made out of it, unless we are doomed to go naked.

The hon. Chairman having fixed the capital and productive income of the country, proceeds to ascertain, by a process I profess not to understand, the amount both of necessary and unnecessary circulating medium. The necessary circulating medium he estimates at about \$47,000,000, and the surplus at \$33,000,000, making in the whole 100 millions of dollars, of which he conceives 53 millions may be loaned to the government. Permit me here to remark, that this calculation appears to me to be at war with all those correct principles which govern the transactions of monied capitalists. It would be perfect folly for them to put into circulation more medium than is necessary for the demands of commerce, and the ordinary gradual improvement of the country—if they attempted it, the surplus would return upon them, or the rate of interest would be reduced in proportion to the excess of paper set afloat. The present high rate of interest, contradicts the idea of the existence of such a superabundance of circulating medium. The actual specie in the U. States does not exceed twenty-five million of dollars—this is generally held by the banks, and their paper literally constitutes the circulating medium, and not a dollar can be obtained from the banks, at less interest than about seven and a quarter per cent.—consequently, whatever may be the nominal amount of bank capital, they cannot keep in circulation more than the amount necessary for the objects which I have stated, which the gentleman admits to be forty-seven million dollars. I am inclined, therefore, to think the actual circulating medium, in times of ordinary prosperity, does not exceed fifty millions of dollars—this paper me-

dium resting on a specie capital of not more than twenty millions, will not, with safety, admit issues to a greater amount.—

Already has the government borrowed within the last two years, near forty millions of dollars, most of which has been obtained from the banks, and from individuals who make the bank the instruments of enabling them to comply with their engagements. The fair and honest ability of the banks to lend, does not exist to a much greater extent, unless the stock of the government is considered a safe fund on which they may issue their own paper to any amount.

If this be the case, it is evident, the whole system is a tottering fabric of credit; the government relying on the credit of the banks, and the banks resting on the credit of the government.—If this confidence does exist, and is likely to continue, I would ask, why not issue government paper at once, and save the enormous interest now paid to the banks, and the chances of depreciation, instead of depreciating themselves by giving a premium for other paper, which may depreciate equally soon. I mean not to advocate a project of this sort, my object is only to shew, that the present system is bottomed on credit alone, and therefore may fail.

The present unfortunate situation of the country adds much, in my judgment, to the force of those remarks. If we had a flourishing commerce—if there existed a free reciprocal intercourse between the several states—if there were a perfect community of interests, and an united confidence between the various sections of the country, and especially between the monied men, and the monied institutions in all the states, the prospect would be greatly changed. In those events credit might be relied on to almost any imaginable extent.—But, sir, this unfortunately is not our lot. Blocked up as we are by the enemy's squadron on our coast; corked up by our still more unmerciful embargo and non-importation laws, calculated, as it were, to fill up the chasm of ills, which the enemy alone could not inflict; the entire coasting trade destroyed and even the pittance of intercourse from one port to another in the same state prohibited—the planters of the southern and middle states, finding no market for their products at home, are driven to the alternative of wagoning it hundreds of miles in search of a precarious market in the Northern and Eastern states, or permitting it to rot on their hands. Many of those articles which are, or have become by habit, necessary for their comfort, are procured at the most extravagant prices from other sections of the union. The balance of trade, if trade it may be called, from these and other causes being so entirely against the southern and middle states; the whole of our specie is fast travelling to the North and East; our bank paper is thrown back upon the institutions from which it was issued, and as the war expenditures are proportionably considerable in the southern and middle states, where the loans have been principally obtained; the bills of those banks are daily returning, and their vaults drained of their specie; to be locked up in the Western and Eastern states never to return, but with the return of peace and commerce.—The extraordinary and alarming demands which have lately been made from Boston, on the banks of New-York, and which I understand are progressing to the South, prove these remarks not to be the mere effect of fancy.

But, sir, admitting for the argument, that the bank capital is as great as has been supposed, and their notes, which constitute the circulating medium, are in amount equal to the demands of government; does it follow that this medium is so regulated, as to be safely obtained from the banks, and effectually applied to the wants of the government. If gentlemen suppose the real circulating medium is increased in proportion to the number of banks established in every section of the country, they are greatly deceived. Bank paper being the representative of specie, the respective spheres of bank notes will be circumscribed, in proportion to the greater number of banks by which they have been issued; because it is the policy and interest of banks, in order to save their coin, not to receive in payment, or give circulation to notes of distant banks. If such notes are received, it is for the purpose of redeeming their own, or demanding the specie, and therefore cannot be considered an eligible, or indeed, a circulating medium at all, except to a limited extent, often confined to a particular county or state. In ordinary times this inconvenience may not be severely felt; an active commerce and free exchange of commodities between the different states would lessen the evil. But, sir, in times of commotion and of unusual expenditure, when the government cannot adapt its local expenditures to its local receipts, when the ordinary routine of business is broken up, bank paper will not be receivable beyond the neighborhood of its own institution, or will be immediately thrown back upon it. Those institutions must necessarily become more limited, and more guarded in their operations, or a failure must be the consequence. The reliance of the government on that kind of circulating medium must be precarious. Suppose some of the principal banks were to contract for the greater part of the proposed loan, and issue their own paper on the credit of the stock to be created, these bills not finding general circulation, or a shock given to the institutions, either by accident or mismanagement, what would be the situation of government? Their finances would be deranged, their credit impaired—enriched with a debt, but their coffers empty.

Without venturing an express opinion whether the proposed loan can be obtained from the

citizens of our country, I will be allowed to express a truism—that the power of government fairly to borrow, must depend on the ability of the people fairly to lend. This ability may be judged of by each gentleman estimating the proportion which his constituents would have to contribute, in the constitutional mode of taxation and representation. By this mode of calculation one of the counties which I have the honor to represent, (Rowan) would have to contribute about ninety thousand dollars—her proportion of the present three million direct tax being about nine thousand dollars, consequently her proportion of thirty millions would be ten times that amount. Although this is a fertile and populous county, its inhabitants are unable to contribute such a sum in this or any other year, without a sacrifice of their farms and the ordinary comforts of subsistence. The same remark will apply with equal force to the counties constituting the district I represent, and perhaps with equal force to every district in the state.

Leaving this view of the subject, which may be considered in a great measure speculative, I find other objections to the bill crowding on me with a force not to be resisted. It is sufficient for me to know that thirty millions of additional debt are about to be saddled on my country for the military operations of this single year. It is enough for me to know that the expenditures of the government from January, 1812, to January, 1815, will have exceeded ninety millions of dollars, exclusive of many millions of out standing claims; and that the public debt will, at the close of the present year, exceed one hundred and five millions of dollars. This brings me again to reflect, what is the proportion which my constituents will have to pay agreeable to the constitutional mode of taxation, and unless you restore peace and commerce, no other mode can be adopted—for the sake of brevity, I will take one county, (Rowan) as before—her proportion of three millions being nine thousand, (I speak in round numbers) the amount of debt at the close of the present year being one hundred and five millions, the proportion of this one county will be three hundred and fifteen thousand dollars, the annual interest of which, at 7 per cent, will be twenty-two thousand and five dollars. This, sir, is more than the surplus product of their industry, and more than they are able to pay.

For what then, it may be naturally inquired, is this mass of debt created, those mighty sacrifices to be made? Is it to prosecute a war of conquest against the British possessions in Canada? I believe this is the object. If so, without stopping to calculate the chances of success, which are gloomy indeed, if we may judge from what has passed, I hesitate not to say, it is an unprofitable contest, unworthy our efforts, & which will ill requite our toil. For my single self, I would not give a draft on the bank of Bonaparte for my share of spoiliations which he has committed on our commerce, for all the advantages which, in my judgment, will result from the acquisition of Canada.

Gentlemen, however, tell us, their ulterior object is "free trade and sailor's rights." Are those objects to be attained by the conquest of Canada? Do you expect to barter the fancied conquered territories for "free trade and sailor's rights?" Whatever opinions might have originally been entertained on this question, they exist no longer. Canada once taken, you cannot get clear of it without giving up the western states at the same time. No, sir, it will be fixed on you, although "free trade and sailor's rights" should never be heard of more. The little fleeting success which followed the achievement on lake Erie last fall, brought forth the real, though till then latent sentiments of the western states. Their language was unequivocal—Canada must not, shall not be given up. The present administration would not, and perhaps could not resist this western torrent. Canada once taken, even were we disposed to surrender it, I doubt whether it would be a valuable article of traffic in our hands; I doubt whether Great Britain would desire the repossession of so precarious a tenure. These provinces would for ever after be at our command; the inhabitants would be our tenants at will, and subject to our good pleasure. To retain possession might be attended with vast expense and danger to our country. Great Britain might desire to recover by force what was lost by force, but in no other way could the possession be either valuable or secure. Admitting Canada to be taken, (and that we have the physical force to take it I do not deny) I demand of the advocates of this war, to know what is then to be done. Do they mean to plant their standard on the walls of Quebec, apportion out the lands to the conquerors, and sing a requiem to "free trade and sailor's rights?" These questions never have been satisfactorily answered. It is time the people should know and understand them. My humble opinion is, if any legitimate object exists for the prosecution of this war, that object is not to be obtained by the conquest of Canada; I therefore advise the abandonment of this phantom, at least during the pendency of the present negotiation. Husband the resources of the country—do what you can for commerce and the navy, and above all things prepare for defence, by affording competent protection to your bleeding frontiers and exposed sea coast. Do these things which manifest a sincere love of peace, a guardian care for your suffering and exposed citizens—in a word give a native-borne-bred character to your war, and should peace not be the result, you will not be forsaken, at least by me, in the hour of peril.

Gentlemen in the majority, still thirsting for