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## Congress.

### SPEECH OF MR. HANSON, ON THE LOAN BILL.

Mr. Chairman—With difficulty I have been brought to participate in this discussion. Many days after the bill was reported the intention had not entered my mind. By engaging in it, I knew a burden would be imposed upon me, under the weight of which, a more vigorous mind and constitution than I possess might stagger. I shall nevertheless, with as much calmness and temperance as the magnitude and character of the subject will admit, examine it in all the relations embraced by the reflections I have been able to bestow upon it.

Personally convenient and necessary as I have found it to abstain, heretofore, from any active concern in the current business of the house or indeed to afford my due proportion of aid in the more important proceedings that have occupied the attention of gentlemen, yet on this occasion it seems to be required of every member to be an actor in place of a looker-on. I am influenced by feelings more lively than a mere sense of obligation to my constituents, in offering a hearty opposition to the bill under consideration, or if the gentleman who occupies the post of honor in the foreign committee (Mr. Calhoun) prefers the expression, I will say a "systematic opposition." Such an opposition I shall be always prompt in affording to the bad acts conceived and executed by incompetent men.

After the exhibition of such commanding powers of elocution, such rare faculties of reasoning, by the honorable gentlemen who have preceded me, I confess it is with extreme difficulty that I have brought my mind to encounter the mortification of following at so great a distance behind them. I will follow them, *longo intervallo*, well pleased if I have the speed and vigor to keep even in sight of them. Tho' I cannot hope to approach, much less equal their uncommon efforts, I may be excused for an humble attempt to emulate their bright example.

But, sir, now that I have taken the floor, when I look before me and survey the vast and boundless prospect which the subject presents, my mind is almost overpowered. I scarcely know where to begin, how to proceed, when to conclude. Not that many topics of interest and magnitude do not remain untouched, through the considerate politeness of those who have preceded me—not that their is any dearth of reason why the capacity should be withheld from those who evince a fixed determination to pursue a mad and ruinous career—nor that there are not still higher obligations than those imposed by a love of country which command the patriot to break and diminish as he can the force of a blow aimed at her best interest; but it is setting oneself adrift upon the wide ocean, it is like hunting for arguments to prove an axiom, to assign reasons why this loan should not be granted—this war should be no longer persisted in. Could one plausible reason be assigned for its continuance, sufficient arguments might then be called for to demonstrate the propriety and necessity of its termination. Could encouragement be derived from the past keeping alive hope for the future, to stimulate us on the one hand, more than a countervailing depression and despondency would be produced, by a calm contemplation of the wonderful revolution in the affairs of the world since the fatal ever to be lamented hour when administration first had recourse to its "attitude and armour." Every consideration which can be suggested by minds devoted to the good of the country, is arrayed against this bill. We have still much to lose, every thing to fear, nothing to hope, and as little to gain.

For a long series of time this administration has been pursuing a phantom—grasping at the shade of a shadow. At this hour they are no nearer their unattainable object than when they first started. Like the infatuated Alchemist, they have persisted in their experiments until the very means of continuing them are well nigh exhausted, and without the most distant prospect of realizing their visionary expectations. It may truly be said, the sword was drawn against ourselves. Failing in the hopeless attempt to subdue Great Britain, we were disgraced, humbled, deprived of many valuable lives, the nation was loaded with an immense debt, the public safety jeopardized, or made to rest upon the humiliating and precarious reliance of an enemy's forbearance—successful, the sword was sheathed in the bosom of our own country. England conquered, where should we have concealed ourselves from the searching eye of the fell destroyer—where found shelter from the tyrant's fury. Victorious, we were conquered, defeated, ruined. Such is the nature of the contest we are engaged in; a war without hope, carried on for objects unattainable.

Is any motive to be found for its continuance in its conduct, the events which have attended it, or what all must now join in believing will be its issue? With the same weak councils; with the same incompetent men to direct our armies,

with a divided, disheartened people—contending against a formidable nation, united to a man against us by what they conceive to be the justice of their cause—flushed by the success which has every where attended their arms, left without a rival on the globe, what must be the consequence of adherence to feeble and desperate councils? Released from her struggle on the continent, let England pour her veterans into Canada, can we conquer that Province? Let her resistless marine, no longer restrained by motives of humanity, lay waste our seaboard; where are our means of defence. Already has our army after army been driven out of Canada, captured, or slaughtered? Loan after loan has been negotiated and wasted, and without our rulers condescending to tell the people the causes of these disgraceful failures, but when called on by a solemn vote of this house to make known the causes, referring us to a mass of unmeaning documents, from which nothing is to be extracted but evidence of the incapacity and ignorance of all who have helped to swell the volume of trash—declaring it would be unsafe to trust the people's representatives with a knowledge of the actual state of our army—refusing to tell or unable to say what has been the cost of the war, or how the supplies already granted have been applied—keeping the people in the most agonizing suspense and painful ignorance of the state of the nation, and yet we are called on to unite in a vigorous prosecution of this war! My moral sense, sir, revolts at the invitation. Neither threats, denunciation nor entreaty can force or seduce me to plant a spear in the breast of my country, already bleeding and languishing under so many wounds.

I am already admonished, sir, to prescribe limits to the range of debate I find myself gliding into. I proceed at once to examine the budget before the house. It is with some diffidence I enter upon an examination of the estimates submitted by the chairman of the committee of Ways and Means. That branch of the debate I was content to have confined to the two honorable gentlemen, (Mr. Pitkin and Mr. Shepley,) who preceded me. I must however endeavour to supply some striking omission in their luminous exposition of the public finances and resources. The prominent and great defect which runs through the exposition of the honorable chairman of the committee of finances is so important that I must claim the indulgence of the house, while I attempt to explain it. Though the house has been amused by fanciful, fallacious and exaggerated estimates to shew the capacity of the people to lend, he has failed to elucidate the ability of the government to borrow. That ability depends upon the disposition of the people to invest money in the public stock. To produce that disposition, their interest must be consulted. It must be made their interest to lend, by furnishing sufficient government securities, providing indemnity against loss. If a permanent efficient fund is created, coextensive and coeval with the public debt, and that fund pledged for the payment of the interest, the capitalist may then see his interest in becoming a public creditor. You then create the ability to borrow, by producing a corresponding disposition to lend, which in finance are convertible. But if, from a fear of losing popularity by resorting to an odious system of taxation, you fail to provide a permanent revenue adequate to the punctual payment of the interest, and looking to the gradual extinction of the principal of the debt to be created, the public credit must suffer, and the monied men will find it to be their interest not to aid the loan. I have too much respect for the understanding of the house to enlarge upon this topic.

After a fair and deliberate examination, I pronounce the system of Ways and Means submitted to the house, *deceptive and dissimulating*. These are strong and harsh terms, but I speak in the language of the distinguished gentleman who now presides in this house with so much ability, dignity and impartiality. I speak the language of the late committee of finance, and of this house, who adopted the memorable report of that committee, which denounced and reprobated in the strongest terms the very system now recommended. I speak the language of every financier and political economist whose opinions are respected in free and well regulated governments, when I say it is ruinous and destructive of public credit to enter upon a system of loans without providing the ways and means commensurate with the demands of government—without creating and pledging a fund securing the public creditors in the punctual payment of the interest and ultimate reimbursement of the principal of the public debt. It is a maxim in finance, a fundamental principle of public credit, never to borrow without providing the means of paying the interest, and finally extinguishing the principal. To act upon a different system, to rely upon loans to pay the interest of loans, is to adopt a most desperate system of fiscal gambling, sapping the foundation of public credit, and conducting to national bankruptcy. Well versed in finance, the predecessor of the present Chairman of that Committee, could not be induced to sanction, much less recommend a system of ways and means founded in a studied concealment of the public finances, and not built upon the substantial resources of the country. Disdaining to act upon a system of temporary expedients, to preserve the people's favor at the cost of the country's interest, he frankly communicated to the house the real state of the finances. He acknowledge the wants of the government. He introduced a system of revenue to meet the public credit. Gentlemen cannot have so soon forgotten the letter addressed by the Hon. Lang-

don Cheves to Mr. Gallatin. The reply of that minister must also be fresh in their recollection. So direct and explicit was Mr. Gallatin's answer in regard to taxes, that many at the time supposed, I was fully persuaded his object was to deter the congress from declaring war, by holding up to their view a frightful picture of internal taxation—the inevitable consequence of war. I must beg gentlemen to bear with me while I read an extract or two from the Report of the Committee of Ways and Means to which I allude.

"The President, in his message of 1811, had suggested to congress the propriety of providing a revenue sufficient, at least, to defray the ordinary expenses of government, and to pay the interest of the public debt, including that on new loans, which may be authorized." The committee in their report, thus respond to the President's suggestion:—"Any provision falling short of this requisition, would in the opinion of the committee, betray an improvidence in the government, leading to impair its general character, to sap the foundations of its credit, and to enfeeble its energies in the prosecution of the contest into which it may soon be drawn in defense of its unquestionable rights, and for the repulsion of long continued and most aggravated aggressions. Should the ruinous system of relying altogether upon the aid of loans for defraying not only the extraordinary expenditures of the present and succeeding years; but also a large portion both of the ordinary expenses of government, and the interest on the public debt, including that on new loans, be suffered to prevail, and no additional revenues be reasonably provided, it will result—that the loans which it may be necessary to authorize during the year 1813, must amount to at least \$17,560,000 and for 1814, to \$19,220,000 (this estimate was deemed liberal at the time, but it is 12 millions short of the actual demand) an operation, which, by throwing into the market so large an amount of stock, accompanied with no adequate provision for paying even the interest accruing on such as may be created; but relying altogether upon the decreasing ability to borrow for the purpose of paying such interest, must have a most unfavorable effect upon the general price of public stocks, and the consequent terms of the loans themselves: it may be added, that a system of that sort, would, it is believed, be found to be altogether unprecedented in the financial history of any wise and regular government, and must if yielded to, produce at no distant period, that general state of public discredit, which attended the national finances during the war of the revolution, and which nothing but the peculiar circumstances of the country, and the want of a well organized and efficient government, during the period of that revolution, could at all justify."

Thus, we find, sir, in language just as it is strong, the system of expedients, now recommended, reprobated as ruinous, destructive of public credit, and evincive of the inefficiency and imbecility of government. But strong as are the terms in which the committee denounced the very system which is now to be adopted, rather than incur popular odium, by providing the requisite ways and means, to leave no doubt of the fatal tendency of such a system, in their judgment, they proceed to condemn it in still harsher language:—"To have withheld from the public view, a fair exposition of the probable state of the fiscal concerns of the government, under the very first pressure of active war, or to have deferred submitting to the house such a system as in the opinion of the committee was indispensable to place the revenues of the country upon a basis commensurate with the public exigencies, would in their judgment, have at once evinced in the eyes of foreign nations, an imbecility of action and of design, the effects of which must be too obvious to be mistaken, and as it regards our own country, would have indicated a policy as feeble and as short sighted, as it must have been considered DECEPTIVE and DISINGENUOUS, as unworthy the rulers of a free and enlightened nation, as in its result it would have been found fatal to its interests, and paralyzing to all its efforts."

It is impossible to add to the force of the report which I have in part read. I shall only impair its strength and weaken its application, by dilating upon the sound maxims and correct opinions it contains. The committee expressed its full concurrence in the opinion of the Secretary of the Treasury, given in answer to a call upon him for an explicit avowal of his opinion. Mr. Gallatin's answer contains this paragraph:—"That what appears to be of vital importance, is, that the crisis should at once be met by the adoption of efficient measures, which will with certainty provide means commensurate with the expense, and by preserving unimpaired instead of abusing that public credit on which the public resources so eminently depend, will enable the United States to persevere in the contest, until an honorable peace shall have been obtained."

This report, leaving nothing to be added in contemplation of the very system so much deprecated at the commencement of the war, and now proposed to be acted on, was adopted by this house. When, therefore, I pronounced the exposition and estimates of the hon. Chairman of the Committee of Ways and Means, to be deceptive, fallacious and disingenuous, I used the language of a committee of this house; a language not reproved by the house itself, when it received the report of that committee; language that will be continued to be applied to the ruinous, deceptive and disingenuous system under consideration.

But, sir, I need not rely upon the message

of the President, the letter of the Secretary of the Treasury, the Report of the Committee to Ways and Means, and the opinion the court party here expressed by the reception of that report, in applying suitable epithets to the exchequer budget. Out of his own mouth will I condemn the hon. chairman. At the last summer session, the gentleman, as chairman of the committee he still presides over, introduced a report which the house will indulge me with reading in part:—"They (the committee) deem it unnecessary to say any thing as to the necessity of providing additional revenue at a time when the general rate of expenditure has been so much increased, by measures necessarily connected with a state of war, a provision for an additional revenue can no longer be delayed, without a violation of all those principles held sacred in every country, where the value and importance of national credit have been justly estimated." And yet, sir, the honorable chairman who addressed this house and the nation in the manner mentioned, after a few short months, has looked over and disregarded all those sacred principles, the violation of which he so much deplored.

A little attention will show the great deficit in the revenue to meet the interest of the public debt, the interest upon the new loan, and the expenditure for the peace establishment. By the treasury report it appears, that a revenue of \$12,050,000 will be necessary to defray the expenses of the peace establishment, and satisfy the interest of the public debt. To meet this sum of twelve millions and upwards, the acting Secretary of the Treasury, in the annual report of that department on our table, estimates the receipts into the treasury:—

For customs and sales of public lands, at	\$ 6,600,000
Internal revenues and direct tax	3,500,000
Balance in the treasury	1,950,000
Total	12,050,000

Making an acknowledged deficit of 770,000 For this deficiency no provision is made or proposed. To this deficit, admitted by the head of the treasury department to exist in the sum mentioned, ought to be added 1,180,000

it being the balance in the treasury at the commencement of the present year, which will swell the deficit to \$1,950,000

The balance in the treasury at the commencement of the current year can fairly be said to form no part of the revenue to pay the expenses of the peace establishment, and the interest of the public debt. It cannot be considered a part of the income of the year 1814, because it has heretofore been appropriated, and must be wanted to satisfy unsettled claims that have accrued the last year. So that a real deficit of nearly two millions exists, which no funds are provided by law to make good. But a fair deduction being made from the sum charged for the sales of public lands, and the revenue from the customs and sales of public lands will considerably increase the deficit stated. The sum so arising is stated at \$6,600,000

Being reduced one third, and added to 2,200,000 the deficient already made out 1,950,000

it will make a total deficit, admitting the land tax to be renewed, of \$4,150,000

To reduce, one third, the estimate of revenue to arise from commerce and sales of public lands, is proper and necessary, if our object is not to deceive the people and ourselves, but to arrive at truth. These sources of revenue can hardly be said to exist. During the war, which has caused the devastation and depopulation of the frontiers, it is not evident much can be expected to be derived from the sales of lands. During an embargo, re-enforced by an extensive and rigorous blockade of the enemy, and of itself, so rigid that it is a subject of exultation among its authors, that vessels of every description are chained to our wharves, and the ports are hermetically sealed—during a rigid enforcement of a non-importation law, to be supported by another non-importation law, what revenue can be derived from commerce?

The necessity then exists to provide additional revenue to preserve the public credit, and to regard those maxims and principles set forth in such strong language, and so highly commended by the house on a former occasion.

Sir, it is an anomaly in political economy, it is a departure from the fundamental principles of public credit, to create a debt without providing the ways and means adequate to the payment of the interest. So say all the writers on finance. Among them Mr. Gallatin himself, in his book upon finance, and the ever to be lamented Hamilton, in his works. This deceased statesman may be truly called the founder of the public credit of this nation. Called to the treasury, he found the finances of the country in the deplorable situation they are described to have been at the close of the revolution. But before the magic force of his genius, our fiscal embarrassments disappeared. He extracted order from chaos, light from dark-

\* The failure of the sale of lands as a source of revenue is manifested by the applications entertained by the house, on the part of frontier settlers, for a considerable extension of credit in their payments for purchases already made.