

SOUTHERN CITIZEN.

WHAT DO WE LIVE FOR, BUT TO IMPROVE OURSELVES AND BE USEFUL TO ONE ANOTHER?

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BENJAMIN SWAIM.

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MR. RENCHER'S CIRCULAR.

To the Freemen of the Tenth Congressional District of North Carolina, composed of the counties of Chatham, Randolph, Davidson, Rowan and Davie.

Washington, March 9, 1839.

Fellow-citizens:

Shortly after the close of General Jackson's administration, the people of this country were visited by a great pecuniary disaster in the suspension of specie payments by the banks—an event which I foresaw, and which might have been reasonably anticipated from the policy of that administration. Upon the removal of the public money from the Bank of the United States, in 1833, new banks were created, and both new and old were stimulated to expand their issues, to meet, as it was said, the wants of the people. This was made the terms of receiving the use and custody of the public money; and, but few were allowed these Governmental favors who did not consent to these terms. The consequence of this was a large increase in the number of banks, and a still greater increase in the amount of bank capital and bank issues: for, be it remembered, that, during the administration of General Jackson, there were more banks created than had been created from the foundation of the Government up to that period. The relative amount of bank capital incorporated during the same period was still greater; being twice as much as all the bank capital created up to the commencement of that administration. No party, therefore, can be so properly denominated "the bank party" as that party whose policy gave birth to this state of things. The inevitable consequence of this great augmentation of banks and bank capital was a wild and reckless spirit of speculation and overtrading in the people.—It is no excuse, therefore, for those whose policy produced this augmentation of bank capital to charge the suspension of specie payments by the banks upon overtrading in the community, for that overtrading was but the natural fruit of this extraordinary increase in the number of banks and the amount of bank capital.

SPECIE CIRCULAR.

The more immediate cause of the suspension of specie payments by the banks, was the specie circular issued by General Jackson in 1836, requiring all payments for public lands to be made in gold and silver. This avowed object of the measure was to check the spirit of speculation and curtail bank credit.—The practical effect was to destroy public confidence in these institutions, and create a general run upon them for the precious metals. By a law of Congress, passed in 1816, all public dues were required to be paid in gold and silver, or the notes of specie paying banks. At

the session of Congress immediately preceding the adoption of this specie circular, a resolution was submitted to the Senate, requiring public lands to be paid for in gold and silver only. That resolution was rejected by almost a unanimous vote of the Senate. But notwithstanding an existing law to the contrary, and a strong expression of one branch of Congress against any change in that law, the President assumed the responsibility, and issued an order requiring the receivers of public lands to receive nothing in payment thereof except gold and silver. This order came like a clap of thunder in the midst of a clear sky. These banks had been brought into existence by friends of the administration, and had been stimulated to over-issues by their advice and encouragement. The banks felt the blow, but the people felt it more deeply. Trade and business of every kind was paralyzed. So disastrous was this order upon the interests of every portion of the country, that a bill was passed at the next session of Congress, by overwhelming majorities in both branches, rescinding this Executive order. But the President, regardless of the will of the representatives of the people, refused either to sign it, or return it to Congress with his reasons for refusing, as required by the constitution. The embarrassments of the country and the derangement of the currency increased every day, until the May following, when the banks were compelled to suspend specie payments. Thus the State bank system, which had been very unwisely, in my opinion, substituted by the administration as the fiscal agent of the Government in place of the Bank of the United States, and which we were promised was to furnish us with a better currency than even that institution had done, exploded, leaving the Government in bankruptcy, and the people overwhelmed in unexampled pecuniary embarrassment.

THE SUB-TREASURY.

In the midst of this general calamity, Mr. Van Buren thought proper to call an extra session of Congress. Assembled under such peculiar circumstances, the people had some reason to expect relief from their immediate representatives. The experiments which had been made upon the currency by his illustrious predecessor, and which had just resulted in such disastrous consequences to the country, ought to have deterred a prudent man from embarking upon any untried experiment or expedient. The most obvious policy was to retrace our steps, and return to that system of administration which had been tried, and found by experience to work well. The expenditures of the Government, which, under an overflowing revenue, had become extravagantly large, should have been reduced, and the administration made to practise that economy which it had so long professed, and which its exhausted Treasury now absolutely demanded. If ever, then, was the time to redeem those promises of retrenchment and reform which had been so long and repeatedly made, but which had been so long and so shamefully neglected.—The message of the President, however, soon dispelled these just expectations. It proposed no system of retrenchment, note of reform; and the suffering people were told they had no right to expect relief from Congress. The hand that afflicted, in the opinion of the President, had no power to relieve. For what, then, you will ask, was Congress convened? Simply to relieve the Government and its officers. The fourth instalment of the surplus revenue, which was to have been divided among the States, was postponed; an empty Treasury was replenished by the issue of ten millions of Treasury notes; and Congress were invited by the President to give him the entire custody and control of the public money, by the establishment of what is termed the Sub-Treasury system. These were the leading measures of the administration. The two first were adopted by Congress, though without my concurrence, for reasons which were submitted at the time. The last has been twice adopted by the Senate, but as often rejected in the House of Representatives. To this system I propose to invite your careful consideration.

The sub-treasury system consists of

two parts: First, it requires all public dues to be paid in gold and silver; secondly, the money when so collected, is to be placed in the custody and safe-keeping of officers appointed by the President, and removable at his will. It seems to me only necessary to state these propositions for them to receive condemnation from every man jealous of his rights and determined to maintain them.

The revenue of the Federal Government must be equal, at least, to its expenditures, which now exceed thirty millions of dollars. It is proposed that this large amount shall be paid in gold and silver, and nothing else; and let me ask whether this can be done without a great sacrifice to the commerce and business of the country? The specie circular, which wrought such disastrous consequences, required public lands only to be paid for in gold and silver; and what was its effect upon that source of our revenue? It reduced it from upwards of twenty millions in 1835 and 1836, to less than an average of five millions in 1837 and 1838. Congress repealed that circular in 1838, which led the way to the resumption of specie payments by the banks during the last summer; to the restoration of public confidence; and the revival of commerce and the business of the country. The sub-treasury system proposes, in effect, to re-enact the specie circular, and to extend its obnoxious provisions. It requires all our public dues, whether arising from our public lands, or from imported goods, or from direct taxes, to be paid in gold and silver. Are you prepared for such a system? Our County and State tax is, comparatively, a small one; but if our Legislature were to require it to be paid in gold and silver, I doubt very much whether you would submit to the oppression of such a law. And yet, if the principle be good in the one case, it is equally so in the other; if correct in relation to the large amount of revenue collected by the Federal Government, it must be so in relation to the small amount collected by the States.

By the law of 1816, all public dues are requested to be paid in gold and silver, or the notes of specie-paying banks. Every administration, since that time, has practised, and practised successfully, upon this law. Having tried the system, and found it to work well, why give it up for another experiment upon the currency, when all our experiments have so signally failed? Is the servant better than his master? or, is the President and his officers entitled to be paid in a better currency than that which is used by the people? And yet this sub-treasury system does provide gold for the Government, while it leaves the people to the use of paper money.

Banks have become, to some extent, a necessary evil; and I have shown that this evil has been greatly augmented by those now in power. No one pretends that we can do without bank-paper in this country; such an idea would be absurd. While, therefore, this is the case, I could not consent to make any distinction between the officers of the Federal Government and the people I represent.

The next leading feature in this sub-treasury system is, that it proposes to deposit the public money, when collected, in the hands of the officers of the Government for safe-keeping. Previous to the commencement of this administration, it had been deposited for safe-keeping with the banks; and the question is, in which depository is the public money most likely to be safe?—Where are your hard earnings, when taken by the Government, most secure against fraud and defalcation? If we are governed by the experience of the past, the question is answered. From 1816, when the Bank of the U. States was established, up to 1834, when the public money was removed from that institution by the order of General Jackson, the Government did not lose a single cent by the bank. During nearly the whole of Mr. Van Buren's administration, this sub-treasury system has been, to some extent, in practical operation, (though without the authority of law,) and it is well known that fraud and defalcation have been the order of the day. The large defalcations of Swartwout, Price, Gratiot, and others, are melancholy warnings against the

permanent establishment of such a system. The millions already lost to the Government is but the beginning of evil.

But we are told this is an "untried expedient," and therefore we should make a trial of it. The country is tired of experiments. You have paid sadly for them all. The statesman and patriots who have adorned our annals never thought of this new-fangled system; they had tried others, and found them to work well, and were content to let well enough alone.

In 1834, when those now in power determined there should no longer be a national bank for the collection, safe-keeping, and disbursement of the public money, they determined to make use of the State banks for that purpose. It was a party measure, and therefore considered a test of republicanism; and all who did not support it were denounced as federalists and bank-men, bought up by the bank of the United States.—We were told then, as we are told now that it was an experiment. Well the experiment has been tried, and failed; and failed, in my opinion, from the weakness and corruption of the administration. Banks were more generally selected with reference to their partisan zeal and devotion to the administration, than to their soundness and ability as fiscal agents of the Government. I am no friend to the State bank system, or, as it has been sometimes called, the pet-bank system; I have always been opposed to it, and am so still. It gave to the President the power of selecting the deposite banks, as well as removing the public money therefrom, and, to that extent, gave him a control over the revenue of the country—a control inconsistent with the spirit of our institutions. It was a partial union of the purse and the sword—a union always dangerous, if not fatal to the liberties of the people. But these objections apply still more forcibly to the sub-treasury system. By it, the public money, is placed in the hand of the creatures of the President. He makes and unmakes them at will. The public money is, therefore, as much under his control as if it was in his own pocket, and it is a perfect union of the purse and the sword.

These were the opinions of the administration in 1834. The Secretary of the Treasury declared, in an elaborate report made by him on the subject, that executive officers, as fiscal agents, were less responsible, less safe, less economical, and less convenient, than banks.

The Globe newspaper, known to be the organ of the party, denounced the sub-treasury, when proposed by a distinguished Senator from Virginia, (Mr. Leigh,) in the following language:

"This is the notable plan by which Mr. Senator Leigh would diminish the power of the Executive over the depositories of the public money! Instead of suffering the President to appoint one Treasurer, as he now does, he would have him appoint as many as should be convenient. When appointed, these officers must necessarily be, as all executive officers now are, subject to removal at the will of the President. These treasurers, all appointed by the President, and removable at his will, with all the public money in their actual possession—in their pockets, desks, trunks, and vaults—are in the opinion of Mr. Leigh, the constitutional depositories of the public money, in preference to State banks, which guard the public money, as they do their own. It is fortunate for General Jackson that he does not entertain Mr. Leigh's opinion."

Such was the opinion of the whole party in 1834. They were then in favor of the State bank system, and preferred it to all others; but it has not worked to suit them. They now wheel to the right about, make war upon the State banks, hold up the rejected and abused sub-treasury as the only democratic system, and denounce all who oppose it as federalists and bank-men! Is there no limit to public credulity? Are the great interests of this great country to be everlastingly the subject of experiment by political quacks? Are we to disregard the lights of past experience, and continue to hunt out new and untried expedients? Let us rather bear those ills we have, Than fly to others that we know not of."

A national bank, with proper limitations, is greatly preferable to State banks for the collection, safe-keeping, and disbursement of the public money; but, owing to constitutional objections, the immense amount of bank capital already incorporated, and other causes, it is not likely such an institution will shortly be created, if ever. Compelled, therefore, to choose between State banks for the safe-keeping of the public money, and the sub-treasury, I cannot hesitate.—Your State banks are more responsible, more safe, more economical, and more convenient to the people, and less dangerous to liberty.

If Swartwout and Price had been compelled to deposit the public money as fast as received in some bank in New York to the credit of the Treasurer of the United States, as was formerly the case, the Government could now command a million and a half of the public money which these sub-treasurers are reveling upon in London or Paris. Instead of this, they were allowed to keep it in their own chest or vault until the sum became large enough to tempt their cupidity—they pocket the whole, step into a steam-ship, and in a few days are across the Atlantic. The same may be said of other defaulting sub-treasurers; and yet, when a proposition was recently made in the Senate requiring collecting officers to place the money when collected to the credit of the Treasurer of the United States for the use of the Government, so as to place the public money beyond the control of these sub-treasurers, it was voted down by the friends of the administration! What confidence can you repose in the professions of men who, by their practice, show a total disregard of the interests of the people! It is no argument in favor of this system, that these officers are required to give bond for the safe-keeping of the public money. What is Swartwout's bond for two hundred thousand dollars, when it is only about one-sixth the amount purloined by him?—He can identify his securities, and have a fortune left. A facetious writer suggests only one remedy to secure these sub-treasurers, and that is to cut off their legs, for they are now so long there is no catching them.

I have but one other consideration to submit to you on this subject. The patronage of the Federal Executive is already tremendous. With all reflecting men of all parties, it has become a just cause of alarm. It has increased, is increasing, and ought to be diminished. But the proposed system will greatly enlarge this Executive patronage.—The number of Federal officers must be augmented, while the whole of the Federal revenue will be at the command of the President of the United States. With such tremendous powers, the President, I fear, will become too strong for the people. Already has this patronage in many places been brought to bear upon the popular will, and control, in some degree, the freedom of our elections. It was proven before the late Investigating committee, that Federal officers in N. Y. were heavily taxed to carry on the political campaign in that State. That which was once conjecture, has been proven to be fact.—General Jackson, in his inaugural address, among other Executive duties, promised "the correction of those abuses that have brought the patronage of the Federal Government into conflict with the freedom of elections." And yet, when at the last session of Congress a bill was introduced into the Senate to correct and prevent such abuses, the friends of the administration were found arrayed against it. It becomes us, therefore, to guard well against the increase of a power which thus threatens to sap the very foundation of a republican Government.

[Mr. Rencher here gives a tabular statement of the receipts and expenditures of the government which may be seen by reference to the pamphlet & continuations.]

From this review of our receipts and expenditures for the last two years, it will be seen that, notwithstanding the pressure upon the people, the administration has allowed none of it to reach them. Though we have been compelled to bear those ills we have, Than fly to others that we know not of."

(Continued on fourth page.)