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DEBATE IN THE SENATE.

Mr. Webster's 2d Speech, On the Sub-Treasury Bill.

March 19 1838.

Mr. PRESIDENT: Having at an early stage of the debate expressed, in a general manner, my opposition to this bill, I must find an apology for again addressing the Senate, in the acknowledged importance of the measure, the novelty of its character, and the division of opinion respecting it which is known to exist in both Houses of Congress.

To be able, in this state of things, to give a preponderance to that side of the question which I embrace, is, perhaps, more than I ought to hope; but I do not feel that I have done all which my duty demands, until I make another effort.

The functions of this Government which, in time of peace, most materially affect the happiness of the People, are those which respect commerce and revenue. The bill before us touches both these great interests. It proposes to act directly on the revenue and expenditure of Government, and it is expected to act, also, indirectly, on commerce and currency; while its friends and supporters altogether abstain from other measures, deemed by a great portion of Congress and of the country to be indispensably demanded by the present exigency.

We have arrived, Mr. President, towards the close of a half century from the adoption of the Constitution. During the progress of these years, our population has increased from three or four millions to thirteen or fourteen millions; our commerce, from little or nothing, to an export of a hundred and ninety millions, and an import of a hundred and twenty-eight and a half millions, in the year 1836. Our mercantile tonnage approaches near to two millions. We have a revenue, and an expenditure, of thirty millions a year. The manufactures of the country have attained very great importance, and, up to the commencement of the derangement of the currency, were in a prosperous and growing state. The produce of the fisheries has become vast; and the general production of the labor and capital of the country is increasing far beyond all example in other countries, or other times, and has already reached an amount which, to those who have not investigated the subject, would seem incredible.

The commerce of the United States, sir, is spread over the globe. It pursues its objects in all seas, and finds its way into every port which the laws of trade do not shut against its approach. With all the disadvantages of more costly materials, and of higher wages, and often in despite of unequal and unfavorable commercial regulations of other States, the enterprise, vigor, and economy which distinguish our navigating interest, enable it to show our flag, in competition with the most favored and the most skillful, in the various quarters of the world. In the mean time, internal activity does not lag nor loiter. New and useful modes of intercourse and facilities of transportation are established, or are in progress, everywhere. Public works are projected and pushed forward in a spirit, which grasps at high and vast objects, with a bold defiance of all expense. The aggregate value of the property of the country is augmented daily. A constant demand for new capital exists, although a debt has already been contracted in Europe, for sums advanced to states, corporations and individuals, for purposes connected with internal improvement; which debt cannot now be less than a hundred millions of dollars. Spreading over a great extent, embracing different climates, and with vast variety of products, we find an intensely excited spirit of industry and enterprise to pervade the whole country; while its external commerce, as I have already said, sweeps over all seas. We are connected with all commercial countries, and, most of all, with that which has established and sustained the most stupendous system of commerce and manufactures, and which collects and disburses an incredible amount of annual revenue; and which uses, to this end, and as means of currency and circulation, a mixed money of metal and paper.

Such a mixed system, sir, has also prevailed with us, from the beginning. Gold and silver, and convertible bank paper, have always constituted our actual money. The People are used to this system. It has hitherto commanded their confidence, and fulfilled their expectations. We have had, in succession, two national banks, each for a period of twenty years. Local or State banks have, at the same time, been in operation; and no man of intelligence or candor can deny that, during these forty years, and with the operation of a national and these state institutions, the currency of the country, upon the whole, has been safe, cheap, convenient, and satisfactory. When the Government was established, it found convertible bank paper, issued by State banks, already in circulation; and with this circulation it did not interfere. The United States, indeed, had

themselves established a bank, under the old Confederation, with authority to issue paper. A system of mixed circulation, therefore, was exactly that system which this Constitution, at its adoption, found already in existence. There is not the slightest evidence of any intention, in establishing the Constitution, to overthrow or abolish this system, although it certainly was the object of the Constitution to abolish bills of credit, and all paper intended for circulation, issued upon the faith of the States alone. Inasmuch as whatever then existed, of the nature of money or currency, rested on State legislation; and as it was not possible that uniformity, general credit, and general confidence could result from local and separate acts of the states, there is evidence—I think abundant evidence—that it was the intention of the framers of the Constitution to give to Congress a controlling power over the whole subject, to the end, that there should be, for the whole country, a currency of uniform value. Congress has heretofore exercised this authority, and fulfilled the corresponding duties. It has maintained, for forty years out of forty-nine, a national institution, proceeding from its power, and responsible to the General Government. With intervals of derangement, brought about by war and other occurrences, this whole system, taken altogether, has been greatly successful in its actual operation. We have found occasion to create no difference between Government and People—between money for revenue, and money for the general use of the country—until the commencement of the last session. Government had manifested no disposition to look out for itself exclusively. What was good enough for the people, was good enough for Government. No condescending and gracious preference had, before that period, ever been tendered to members of Congress, over other persons having claims upon the public funds. Such a singular spectacle had never been exhibited, as an amenable, disinterested, and patriotic understanding, between those who are to vote taxes on the People, for the purpose of replenishing the Treasury, and those who, from the Treasury, dispense the money back again among those who have claims on it. In that respect I think the Secretary stands alone. He is the first, so far as I know, in our long list of able heads of Departments, who has thought it a delicate and skillful touch, in financial administration, to be particularly kind and complaisant to the interest of the law makers,—those who hold the tax-laying power; the first whose great deference and cordial regard for members of Congress have led him to provide for them, as the medium of payment and receipt, something more valuable than is provided, at the same time, for the army, the navy, the judges, the revolutionary pensioners, and the various classes of laborers in the pay of Government.

Through our whole history, sir, we have found a convertible paper currency, under proper control, highly useful, by its flexibility to circumstances, and by its capacity of enlargement, in a reasonable degree, to meet the demands of a new and enterprising community. As I have already said, sir, we owe a permanent debt of a hundred millions abroad; and in the present abundance of money in England, and the state of demand here, this amount will probably be increased. But it must be evident to every one, that, so long as, by a safe use of paper, we give some reasonable expansion to our own circulation, or at least do not unreasonably contract it, we do, to that extent, create or maintain an abeyance for loans among ourselves, and so far diminish the amount of annual interest paid abroad. But let me now, Mr. President, ask the attention of the Senate to another subject, upon which, indeed, much has already been said: I mean that which is usually called the credit system.

Sir, what is that system? Why is credit a word of so much social importance, and of so powerful charm, in the United States? Why is it that a shock has been felt through all classes and all interests, the first moment that this credit has been disturbed? Does its importance belong, equally, to all commercial States? Or are there peculiarities in our condition, our habits, and modes of business, which make credit more indispensable, and mingle it more naturally, more intimately, with the life-blood of our system?

A full and philosophical answer to these inquiries, Mr. President, would demand that I should set forth both the ground work and the structure of our social system. It would show that the wealth and prosperity of the country have as broad a foundation as its popular constitutions. Undoubtedly there are peculiarities in that system, resulting from the nature of our political institutions, from our elementary laws, and from the general character of the People. These peculiarities most unquestionably give to credit, or to those means and those arrangements, by whatever names we call them, which are calculated to keep the whole, or by far the greater part, of the capital of the country in a state of constant activity, a degree of importance far exceeding what is experienced elsewhere.

In the old countries of Europe there is a clear and well defined line between capital and labor; a line which strikes through society with a horizontal sweep, leaving on one side wealth, in masses, held by few hands, and those having little participation in the laborious pursuits of life; on the other, the thronging multitudes of labor, with here and there, only, an instance of such accumulation of earnings as to deserve the name of capital. This distinction, indeed, is not universal and absolute in any of the commercial states of Europe, and it grows less and less definite as commerce advances; the effect of commerce and manufactures, as all history shows, being, every where, to diffuse wealth, and not to aid its accumulation in few hands. But still the line is greatly more broad, marked, and visible in European nations, than in the United States. In those nations, the gains of capital, and wages, or the earnings of labor, are not only distinct in idea, as elements of the science of political economy, but, to a great degree, also, distinct in fact; and their respective claims, and merits, and modes of relative adjustment, become subjects of discussion and of public regulation. Now, sir, every body may see that that is a state of things which does not exist with us. We have no such visible and broad distinction between capital and labor; and much of the general happiness of all classes results from this. With us, labor is every day augmenting its means by its own industry; not in all cases, indeed, but in very many. Its savings of yesterday become its capital, therefore, of to-day. On the other hand, vastly the greater portion of the property of the country exists in such small quantities that its holders cannot dispense altogether with their own personal industry; or if, in some instances, capital be accumulated till it rises to what may be called affluence, it is usually disintegrated and broken into parcels again, in one or two generations. The abolition of the rights of primogeniture; the descent of property of every sort to females as well as males; the cheap and easy means by which property is transferred and conveyed; the high price of labor; the low price of land; the genius of our political institutions; in fine, every thing belonging to us, counteracts large accumulation. This is our actual system. Our politics, our constitutions, our elementary laws, our habits, all centre in this point, or tend to this result. From where I now stand, to the extremity of the northeast, vastly the greatest part of the property of the country is in the hands and ownership of those whose personal industry is employed in some form of productive labor. General competence, general education, enterprise, activity, and industry, such as never before prevailed any society, are the characteristics which distinguish the people who live, and move, and act in this state of things, such as I have described it.

Now, sir, if this be true, as I think it is, all most perceive that in the United States, capital cannot say to labor and industry, "Stand ye yonder, while I come up hither;" but labor and industry lay hold on capital, break it into parcels, use it, diffuse it widely, and instead of leaving it to repose in its own inertness, compel it to act at once as their own stimulus and their own instrument.

But, sir, this is not all. There is another view still more immediately affecting the operation and use of credit. In every wealthy community, however equally property may be divided, there will always be some property-holders who live on its income. If this property be land, they live on rent; if it be money, they live on its interest. The amount of real estate held in this country on lease, is comparatively very small, except in cities. But there are individuals and families, trustees and guardians, and various literary and charitable institutions, who have occasion to invest funds for the purpose of annual monied income. Where do they invest? where can they invest? The answer to these questions shows at once a mighty difference between the state of things here, and that in England. Here, these investments, to produce a moneyed income, are made in banks, insurance companies, canal and rail-road corporations, and other similar institutions. Placed thus immediately in active hands, this capital, it is evident, becomes at once the basis of business; it gives occupation, pays labor, excites enterprise, and performs, in short, all the functions of employed money. But in England, investments for such purposes usually take another direction. There is, in England, a vast amount of public stocks, as eight or nine hundred millions sterling of public debt actually exists, constituting, to the amount of its annual interest, a charge on the active capital and industry of the country. In the hands of individuals, portions of this debt are capital; that is, they produce income to the proprietors, and income without labor; while, in a national point of view, it is mere debt. What was obtained for it, or that on account of which it was contracted, has been spent in the long and arduous wars, which the country has sustained, from the time of King William

the Third, to our own days. There are thousands of individuals, therefore, whose fixed income arises, not from the active use of property, either in their own hands or the hands of others, but from the interest on that part of this national capital to which they are entitled. If, therefore, we use the term capital not in the sense of political economy exactly, but as implying whatever returns income to individuals, we find an almost incalculable mass so circumstanced as not to be the basis of active operations.

To illustrate this idea further, sir, let us suppose that, by some occurrence, (such as is certainly never to be expected,) this debt should be paid off; suppose its holders were to receive, to-morrow, their full amounts; what would they do with them? Why, sir, if they were obliged to loan the one-quarter part into the hands of the industrious classes, for the purposes of employment in active business; and if this operation could be accompanied by the same intelligence and industry among the people which prevail with us, the result would do more towards raising the character of the laboring classes, than all the reforms in Parliament, and other general political operations. It would be as if this debt had never been contracted; as if the money had never been spent, and now remained part of the active capital of the country, employed in the business of life. But this debt, sir, has created an enormous amount of private property, upon the income of which its owners live, which does not require their own active labor or that of others. We have no such debt; or have no such mode of investment; and this circumstance gives quite a different aspect and a different reality to our condition.

Now, Mr. President, what I understand by the credit system is, that which thus connects labor and capital, by giving to labor the use of capital. In other words, intelligence, good character, and good morals, bestow on those who have not capital, a power, a trust, a confidence, which enables them to obtain it, and to employ it usefully for themselves and others. Those active men of business build their hope of success on their attentiveness, their economy, and their integrity. A wider theatre for useful activity is under their feet, and around them, than was ever spread before the eyes of the young and enterprising generations of men, on any other spot enlightened by the sun. Before them is the ocean. Every thing in that direction invites them to efforts of enterprise and industry in the pursuit of commerce and the fisheries. Around them, on all hands, are thriving and prosperous manufactures; an improving agriculture, and the daily presentation of new objects of internal improvement; while behind them is almost half a continent of the richest land, at the cheapest prices, under healthful climates, and washed by the most magnificent rivers that on any part of the globe pay their homage to the sea. In the midst of all these glowing and glorious prospects, they are neither restrained by ignorance, nor smitten down by the penalty of personal circumstances. They are not compelled to contemplate, in hopelessness and despair, all the advantages thus bestowed on their condition by Providence. Capital though they may have little or none, cannot supplies its place; nor as the refuge of the prodigal and reckless; nor as gratifying present wants with the certainty of future absolute ruin; but as the genius of honorable trust and confidence, as the blessing, voluntarily offered to good character and to good conduct; as the beneficent agent, which assists honesty and enterprise in obtaining comfort and independence.

Mr. President, take away this credit, and what remains? I do not ask what remains to the few, but to the many? Take away this system of credit, and then tell me what is left for labor and industry; but mere manual toil and daily drudgery! If we adopt a system that withdraws capital from active employment, do we not diminish the rate of wages? If we curtail the general business of society, does not every laboring man find his condition grow daily worse? In the politics of the day, sir, we hear much said about divorce; and when we abolish credit, we shall divorce labor from capital; and depend on it, sir, when we divorce labor from capital, capital is hoarded, and labor starves. The declaration so often quoted, that "all who trade on borrowed capital ought to break," is the most aristocratic sentiment ever uttered in this country. It is a sentiment which, if carried out by political arrangement, would condemn the great majority of mankind to the perpetual condition of mere day-laborers. It goes to take away from them all that solace and hope which arises from possessing something which they can call their own. A man loves his own; it is fit and natural that he should do so; and he will love his country and its institutions, if he have some stake in it, although it be but a very small part of the general mass of property. If it be but a cottage, an acre, a garden, its possession raises him, gives him self-respect, and strengthens his attachment to his country. It is our happy condition, by the blessings of Providence, that al-

most every man of sound health, industrious habits, and good morals, can ordinarily attain at least, to this degree of comfort and respectability; and it is a result devoutly to be wished, both for its individual and its general consequences.

But even to this degree of acquisition, that credit, of which I have already said so much, (as its general effect is to raise the price of wages, and render industry productive,) is highly important. There is no condition so low, if it be attended with industry and economy, which this credit does not benefit, as any one will find, if he will examine and follow out its operations.

Such, Mr. President, being the credit system in the United States, as I understand it, I now add that the banks have been the agents and their circulation the instrument, by which the general operations of this credit have been conducted. Much of the capital of the country, placed at interest, is vested in bank stock, and those who borrow, borrow at the banks; and discounts of bills, and anticipations of payments in all its forms, the regular and appropriate duty of banks, prevail universally.

In the North, the banks have enabled the manufacturers of all classes to realize the proceeds of their industry at an early moment. The course has been, that the producers of commodities for Southern consumption, having dispatched their products, draw their bills. These bills are discounted at the banks, and with the proceeds other raw material is bought, and other labor paid; and thus the general business is continued in progress. All this is well known to those who have had opportunity to be acquainted with such concerns.

But bank credit has not been more necessary to the North than to the South. Indeed, nowhere has interest been higher, or the demand for capital greater, or the full benefit of credit more indispensable, than in the new cotton and sugar-growing states. I ask gentlemen from those states if this be not so? Have not the plantations been bought, and the necessary labor procured to a great extent on credit? Has not this credit been obtained at the banks? Even now do they not find credits, or advances on their crops, important in enabling them to get those crops to market? And if there had been no credit—if a hard-money system had prevailed, let me ask them what would have been, at this moment, the condition of things in Alabama, Louisiana, Mississippi, and Arkansas? These states, sir, with Tennessee and the South Atlantic States, constitute the great plantation interest. That there has been a vast demand for capital to be invested in this interest is sufficiently proved by the high price paid for the use of money.

In my opinion, sir, credit is as essential to the great export of the south, as to any other interest. The agriculture of the cotton and sugar-producing states partakes, in no inconsiderable degree, of the nature of commerce. The product and sale of one great staple only, is an operation essentially different from ordinary farming pursuits. The exports of the south, indeed, may be considered as the aggregate result of various forms and modes of industry, carried on by various hands, and in various places, rather than as the mere product of the plantation. That product itself is local; but its indispensable aids and means are drawn from every part of the Union. What is it, sir, that enables southern labor to apply itself so exclusively to the cultivation of these great articles for export? Certainly, it is so applied, because its own necessities for provision and clothing are supplied, meanwhile, from other quarters. The south raises to sell, and not to consume; and with the proceeds of the sales it supplies itself with whatever its own consumption demands. There are exceptions; but this is the general truth. The hat-makers, shoe-makers, furniture-makers, and carriage-makers of the north, the spinners at Lowell, and the weavers at Philadelphia are all contributors to the general product both of cotton and sugar, for export abroad; as are the live-stock raisers of Kentucky, the grain-growing farmers, and all who produce and vend provisions in Indiana, Ohio, and Illinois. The northern ship-owner and the mariner, who carries these products to market, are agents acting to the same end; and so are they too who, little thinking of cotton-fields, or sugar estates, are pursuing their adventurous employment in the whale fisheries, over the whole surface, and among all the islands of the Pacific and the Indian oceans. If we take the annual cotton crop at sixty millions of dollars, we may, perhaps, find that the amount of forty-five millions is expended, either for interest on capital advanced, or for the expense of clothing and supporting labor, or in the charges which belong to the household, the education of families, and to the domestic expenditure of the proprietor.

Thus, sir, all the laborious classes are, in truth, cotton-growers and sugar-makers. Each in its own way, and to the extent of its own productiveness, contributes to swell the magnitude of that enormous export, which was nothing at the commencement of this government, and which now

has run up to so many millions. Through all these operations the streams of credit have constantly flowed, and there is not one of them that will not be checked and interrupted, embarrassed, and thwarted, if this stream be now dried up. This connexion of the various interests of the country with one another forms an important and interesting topic. It is one of the natural ties of the Union. The variety of production, and mutual wants generally supplied, constitute a strong bond between different states; and long may that bond last, growing with their growth, and strengthening with their strength.

But, Mr. President, that portion of our productions which takes the form of export, becomes distinct and visible; it is prominent and striking, and is seen and wondered at, by every body. The annual returns all show it, and every day's commercial intelligence speaks of it. We gaze at it with admiration, and the world is no less admiring than ourselves.

With other branches of industry the case is quite different. The products of these branches, being put in the train of domestic exchange, and consumed in the country, do not get into statistical tables, are not collected in masses, and are seldom presented in the aggregate, to the public view. They are not of the character of a few large and mighty rivers, but of a thousand little streams, meandering through all the fields of business and of life, and refreshing and fertilizing the whole.

Few of us, Mr. President, are aware of what would be the amount of the general production of the country, if it could be accurately ascertained. The Legislature of Massachusetts, under the recommendation of the intelligent Chief Magistrate of that state, has caused to be prepared and published a report on the condition and products of the various branches of its industry, for the year ending on the 31st of 1837. The returns of the amount of each city and town were made, apparently, with much care; and the whole has been collated by the Secretary of State, and the result distinctly presented in well-arranged statistical tables. From a summary of the statements in these tables, I will take the liberty of selecting a few articles, and of advertising to them here, as instances or specimens, of the annual product of labor and industry in that state.

And to begin with a very necessary and important article. I find, that of boots and shoes, the value of the whole amount manufactured within the year exceeds fourteen millions and a half of dollars. If the amount of other articles of the same class, or material, be added, viz. leather, saddles, trunks, harness, &c., the total will be not far from eighteen millions and a half of dollars.

I will read the names of some other articles, and state the amount of annual product belonging to each:

Cotton fabrics	\$17,405,000
Woolen fabrics	10,399,000
Fisheries	7,592,000
Books and stationary, and paper	8,582,000
Soap and candles	1,826,000
Nails, brads and tacks	2,400,000
Machinery of various kinds	1,233,000
Agricultural implements	845,000
Glass	631,000
Staves	798,000
Clothing, neckcloths, &c.	2,013,000
Wool	533,000

These, sir, are samples. The grand total is ninety one millions seven hundred thousand dollars. From this, however, deductions are to be made for the cost of the raw material when imported, and for certain articles enumerated under different heads. But, then, the whole statement is confined to some branches of industry only; and to present an entire and comprehensive view, there should be added the gains of commerce within the year, the earnings of navigation, and almost the whole agricultural products of the state.

The result of all, if it could be collated and exhibited together, would show that the annual product of Massachusetts capital and Massachusetts industry exceeds one hundred millions of dollars. Now, sir, Massachusetts is a small state, in extent of territory. You may mark on her dimensions seven or eight times on the map of Virginia. Yet her population is seven hundred thousand souls; and the annual result of their laborious industry, economy and labor, is as I have stated.

Mr. President, in looking over this result, it is most gratifying to find, that its great mass consists in articles equally essential and useful to all classes. They are not luxuries, but necessities and comforts. They belong to food and clothing, to household conveniences, and education. As they are more and more multiplied, the great majority of society becomes more elevated, better instructed, and happier in all respects. I have looked through this whole list, sir, to find what there is in it that might be fitly classed among the higher luxuries, and what do I find? In the whole of it, I find not a single article that is an item of the three hundred thousand dollars worth of jewelry, silver, and silver plate. This is an amount that belongs to luxury, in her annual product of a hundred millions; and of this, no doubt, the far greater portion is sent abroad. And yet we hear of the amassing of aristocrats.