NORTH CAROLINA SENTINEL.

LIBERTY....THE CONSTITUTION....UNION.

VOL. XX. NEWBERN, WEDNESDAY, DECEMBER 21, 1836. NO. 1027.

PRESIDENT'S MESSAGE.

From the National Intelligencer Extra, of Dec. 6, 1836.

This day, at 12 o'clock, M. the President of the United States transmitted to both Houses of Congress the following

MESSAGE.

Fellow Citizens of the Senate and House of Representatives:

Addressing to you the last annual message I shall ever present to the Congress of the United States, it is a source of the most heartfelt satisfaction to be able to congratulate you on the high state of prosperity which our beloved country has attained. With no causes at home or abroad to lessen the confidence with which we look to the future for continuing proofs of the capacity of our free institutions to produce all the fruits of good government, the general condition of our affairs may well excite our national pride. [illegible]

[illegible]

government, will be communicated to you in the course of the session.

Commercial treaties, promising great advantages to our enterprising merchants and navigators, have been formed with the distant governments of Muscat and Siam. The ratifications have been exchanged, but have not reached the Department of State. Copies of the treaties will be transmitted to you, if received before, or published, if arriving after, the close of the present session of Congress.

Nothing has occurred to interrupt the good understanding that has long existed with the Barbary Powers, nor to check the good will which is gradually growing up in our intercourse with the dominions of the government of the distinguished chief of the Ottoman Empire.

Information has been received at the Department of State, that a treaty with the Emperor of Morocco has just been negotiated, which, I hope, will be received in time to be laid before the Senate previous to the close of the session.

You will perceive from the report of the Secretary of the Treasury, that the financial means of the country continue to keep pace with its improvement in all other respects. The receipts into the Treasury during the present year will amount to about $47,691,898; those from customs being estimated at $22,523,151; those from lands at about $24,000,000; and the residue from miscellaneous sources. The expenditures for all objects during the year are estimated not to exceed $32,000,000, which will leave a balance in the Treasury for public purposes, on the 1st day of January next, of about $41,723,959. This sum, with the exception of five millions, will be transferred to the several States, in accordance with the provisions of the act regulating the deposites of the publick money.

The unexpended balances of appropriation on the 1st day of January next, are estimated at $14,636,062, exceeding by $9,636,062 the amount which will be left in the deposite banks, subject to the draft of the Treasurer of the U. States, after the contemplated transfers to the several States are made. If, therefore, the future receipts should not be sufficient to meet these outstanding and future appropriations, there may be soon a necessity to use a portion of the funds deposited with the States.

The consequences apprehended when the deposite act of the last session received a reluctant approval, have been measurably realized. Though an act merely for the deposite of the surplus moneys of the United States in the State treasuries for safe keeping, until they may be wanted for the service of the General Government, it has been extensively spoken of as an act to give the money to the several States, and they have been advised to use it as a gift, without regard to the means of refunding it when called for. Such a suggestion has doubtless been made without a due consideration of the obligation of the deposite act, and without a proper attention to the various principles and interests which are affected by it. [illegible]

[illegible]

But the more extended and injurious consequences likely to result from a policy which would collect a surplus revenue for the purpose of distributing it, may be forcibly illustrated by an examination of the effects already produced by the present deposite act. This act although certainly designed to secure the safe-keeping of the public revenue, is not entirely free in its tendencies from any of the objections which apply to this principle of distribution. The Government had, without necessity, received from the people a large surplus, which, instead of being employed as heretofore and returned to them by means of the public expenditure, was deposited with sundry banks. The banks proceeded to make loans upon this surplus, and thus converted it into bank capital; and in this manner it has tended to multiply bank charters and has had a great agency in producing a spirit of wild speculation. The possession and use of the property out of which this surplus was created belonged to the people: but the Government has transferred its possession to incorporated banks, whose interest and effort it is to make large profits out of its use. This process need only be stated to show its injustice and bad policy.

And the same observations apply to the influence which is produced by the steps necessary to collect as well as to distribute such a revenue. About three-fifths of all the duties on imports are paid in the city of New York; but it is obvious that the means to pay those duties are drawn from every quarter of the Union. Every citizen in every State, who purchases and consumes an article which has paid a duty at that port, contributes to the accumulating mass. The surplus collected there, must, therefore, be made up of moneys or property withdrawn from other points and other States. Thus the wealth and business of every region from which these surplus funds proceed, must be to some extent injured, while that of the place where the funds are concentrated and are employed in banking are proportionably extended. But both in making the transfer of the funds which are first necessary to pay the duties and collect the surplus, and in making the re-transfer which becomes necessary when the time arrives for the distribution of that surplus, there is a considerable period when the funds cannot be brought into use; and it is manifest that, besides the loss inevitable from such an operation, its tendency is to produce fluctuations in the business of the country, which are always productive of speculation and detrimental to the interests of regular trade. Argument can scarcely be necessary to show that a measure of this character ought not to receive farther legislative encouragement.

By examining the practical operation of the ratio for distribution adopted in the deposite bill of the last session, we shall discover features that appear equally objectionable. Let it be assumed, for the sake of argument, that the surplus moneys to be deposited with the States have been collected and belong to them in the ratio of their federal representative population—an assumption founded upon the fact that any deficiencies in our future revenue from imposts and public lands must be made up by direct taxes collected from the States in that ratio. It is proposed to distribute the surplus, say $30,000,000, not according to the ratio in which it has been collected and belongs to the people of the States, but in that of their votes in the colleges of electors of President and Vice President. The effect of a distribution of that ratio is shown by the annexed table, marked A.

By an examination of that table, it will be perceived that in the distribution of the surplus of $30,000,000 upon that basis, there is a great departure from the principle which regards representation as the true measure of taxation; and it will be found that the tendency of that departure will be to increase whatever inequalities have been supposed to attend the operation of our federal system in respect to its bearings upon the different interests of the Union. [illegible]

[illegible]

by an indirect and stealthy taxation, there is reason to fear that prodigality will soon supersede those characteristics which have thus far made us look with so much pride and confidence to the State Governments as the mainstay of our union and liberties. The State Legislatures, instead of studying to restrict the State expenditures to the smallest possible sum, will claim credit for their profusion, and harass the General Government for increased supplies. Practically, there would soon be but one taxing power, and that vested in a body of men far removed from the people, in which the farming and mechanic interests would scarcely be represented. The States would gradually lose their purity as well as their independence; they would not dare to murmur at the proceedings of the General Government, lest they should lose their supplies; all would be merged in a practical consolidation, cemented by wide spread corruption, which could only be eradicated by one of those bloody revolutions which occasionally overthrow the despotic systems of the old world.

In all the other aspects in which I have been able to look at the effect of such a principle of distribution upon the best interests of the country, I can see nothing to compensate for the disadvantages to which I have adverted. If we consider the protective duties, which are, in a great degree, the source of the surplus revenue, beneficial to one section of the Union and prejudicial to another, there is no corrective for the evil in such a plan of distribution. On the contrary, there is reason to fear that all the complaints which have sprung from this cause would be aggravated. Every one must be sensible that a distribution of the surplus must beget a disposition to cherish the means which create it; and any system, therefore, into which it enters, must have a powerful tendency to increase rather than diminish the tariff. If it were even admitted that the advantages of such a system could be made equal to all the sections of the Union, the reasons already so urgently calling for a reduction of the revenue would, nevertheless, lose none of their force; for it will always be improbable that an intelligent and virtuous community can consent to raise a surplus for the mere purpose of dividing it, diminished as it must inevitably be by the expenses of the various machinery necessary to the process.

The safest and simplest mode of obviating all the difficulties which have been mentioned, is, to collect only revenue enough to meet the wants of the Government, and let the people keep the balance of their property in their own hands, to be used for their own profit. Each State will then support its own Government, and contribute its due share towards the support of the General Government. There would be no surplus to cramp and lessen the resources of individual wealth and enterprise, and the banks would be left to their ordinary means. Whatever agitations and fluctuations might arise from our unfortunate paper system, they could never be attributed, justly or unjustly, to the action of the Federal Government. There would be some guaranty that the spirit of wild speculation, which seeks to convert the surplus revenue into banking capital would be effectually checked, and that the scenes of demoralization which are now so prevalent through the land would disappear.

Without desiring to conceal that the experience and observation of the last three years have operated a partial change in my views upon this interesting subject, it is nevertheless, regretted that the suggestions made by me, in my annual messages of 1829 and 1830, have been greatly misunderstood. At that time, the great struggle was begun against that latitudinarian construction of the Constitution which authorizes the unlimited appropriation of the revenues of the Union to internal improvements within the States, tending to invest in the hands and place under the control of the General Government, all the principal roads and canals of the country, in violation of State rights, and in derogation of State authority. At the same time, the condition of the manufacturing interest was such as to create an apprehension that the duties on imports could not, without extensive mischief, be reduced in season to prevent the accumulation of a considerable surplus after the payment of the national debt. [illegible]

[illegible] created the institution.

On the establishment of a national bank, it became the interest of its creditors that gold should be superseded by the paper of a bank as a general currency. A value was soon attached to the gold coins, which made their exportation to foreign countries as a mercantile commodity, more profitable than their retention and use at home as money. It followed, as a matter of course, if not designed by those who established the bank, that the bank became, in effect, a substitute for the mint of the United States.

Such was the origin of a national bank currency, and such the beginning of those difficulties which now appear in the excessive issues of the banks incorporated by the various States.

Although it may not be possible, by any legislative means within our power, to change at once the system which has thus been introduced, and has received the acquiescence of all portions of the country, it is certainly our duty to do all that is consistent with our constitutional obligations, to prevent the mischiefs which are threatened by its undue extension. That the efforts of the fathers of our Government to guard against it by a constitutional provision were founded on an intimate knowledge of the subject, has been frequently attested by the bitter experience of the country. The same cause which led them to refuse their sanction to a power authorizing the establishment of incorporations for banking purposes, now exist in a much stronger degree to urge us to exert the utmost vigilance in calling into action the means necessary to correct the evils resulting from the unfortunate exercise of the power, and it is to be hoped that the opportunity of effecting this great good will be improved before the country witnesses new scenes of embarrassment and distress.

Variableness must ever be the characteristic of a currency, of which the precious metals are not the chief ingredient, or which can be expanded or contracted without regard to the principles that regulate the value of those metals as a standard in the general trade of the world. With us, bank issues constitute such a currency, and must ever do so, until they are made dependent on those just proportions of gold and silver, as a circulating medium, which experience has proved to be necessary, not only in this, but in all other commercial countries. Where those proportions are not infused into the circulation, and do not control it, it is manifest that the prices must vary according to the tide of bank issues, and the value and stability of property must stand exposed to all the uncertainty which attends the administration of institutions that are liable to the temptation of an interest distinct from that of the community in which they are established.

The progress of an expansion, or rather a depreciation of the currency, by excessive bank issues, is always attended by a loss to the laboring classes. This portion of the community have neither time nor opportunity to watch the ebbs and flows of the money market. Engaged from day to day in their useful toils, they do not perceive that although their wages are nominally the same, or even somewhat higher, they are greatly reduced in fact by the rapid increase of a spurious currency, which, as it appears to make money abound, they are at first inclined to consider a blessing. It is not so with the speculator, by whom this operation is better understood, and is made to contribute to his advantage. It is not until the prices of the necessaries of life become so dear that the laboring classes cannot supply their wants out of their wages, that the wages rise and gradually reach a justly proportioned rate to that of the products of their labor. [illegible]

[illegible] It is conveying into the interior large sums in silver and