Genl John H. Wheeler

THE CAROLINA REPUBLICAN.

ASK NOTHING THAT IS NOT RIGHT—SUBMIT TO NOTHING THAT IS WRONG.

NUMBER 10.

LINCOLNTON, N C., FEBRUARY 6, 1849.

VOLUME I.]

The Carolina Republican,
IS PUBLISHED WEEKLY
BY
J. M. NEWSON.

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Single copies delivered in Lincolnton, or mailed to subscribers, at three dollars per annum. If paid within six months, a deduction of fifty cents will be made; if paid in advance, or on the delivery of the third number, a deduction of one dollar will be allowed, which will reduce the price to

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PRESIDENT'S MESSAGE,

CONCLUDED.

The operations of the constitutional treasury established by the act of the sixth of August, 1846, in the receipt, custody, and disbursement of the public money, have continued to be successful. Under this system the public finances have been carried through a foreign war, involving the necessity of loans and extraordinary expenditures, and requiring distant transfers and disbursements, without embarrassment, and no loss has occurred of any of the public money deposited under its provisions. Whilst it has proved to be safe and useful to the government, its effects have been most beneficial upon the business of the country. It has tended powerfully to secure an exemption from that inflation and fluctuation of the paper currency, so injurious to domestic industry, and rendering so uncertain the rewards of labor, and it is believed has largely contributed to preserve the whole country from a serious commercial revulsion, such as often occurred under the bank deposite system. In the year 1847 there was a revulsion in the business of Great Britain of great extent and intensity, which was followed by failures in that kingdom unprecedented in number and amount of losses. This is believed to be the first instance when such disastrous bankruptcies, occurring in a country with which we have such extensive commerce, produced little or no injurious effect upon our trade or currency. We remained but little affected in our money market, and our business and industry was still prosperous and progressive.

During the present year, nearly the whole continent of Europe has been convulsed by civil war and revolutions attended by numerous bankruptcies, by an unprecedented fall in their public securities, and an almost universal paralysis of commerce and industry; and yet, although our trade and the prices of our products must have been somewhat unfavorably affected by these causes, we have escaped a revulsion, our money market is comparatively easy, and public and private credit have advanced and improved.

It is confidently believed that we have been saved from their effect by the salutary operation of the constitutional treasury. It is certain, that if the twenty-four millions of specie imported into the country during the fiscal year ending on the thirtieth of June, 1847, had gone into the banks, as to a great extent it must have done, it would, in the absence of this system, have been made the basis of augmented bank paper issues, probably to an amount not less than sixty or seventy millions of dollars, producing, as an inevitable consequence of an inflated currency, extravagant prices for a time, and wild speculation, which must have been followed, on the reflux to Europe, the succeeding year, of so much of that specie, by the prostration of the business of the country, the suspension of the banks, and most extensive bankruptcies. Occurring, as this would have done, at a period when the country was engaged in a foreign war; when considerable loans of specie were required for distant disbursements, and when the banks, the fiscal agents of the government, and the depositories of its money, were suspended, the public credit must have sunk, and many millions of dollars, as was the case during the war of 1812, must have been sacrificed in discounts upon loans, and upon the depreciated paper currency which the government would have been compelled to use.

Under the operations of the constitutional treasury, not a dollar has been lost by the depreciation of the currency. The loans required to prosecute the war with Mexico were negotiated by the Secretary of the Treasury above par, realizing a large premium to the government. The restraining effect of the system upon the tendencies to excessive paper issues by banks has saved the government from heavy losses, and thousands of our business men from bankruptcy and ruin. The wisdom of the system has been tested, by the experience of the last two years; and it is the dictate of sound policy that it should remain undisturbed. The modifications in some of the details of this measure, involving none of its essential principles, heretofore recommended, are again presented for your favorable consideration.

In my message of the sixth of July last, transmitting to Congress the ratified treaty of peace with Mexico, I recommended the adoption of measures for the speedy payment of the public debt. In reiterating that recommendation, I refer you to the considerations presented in that message in its support. The public debt, including that authorized to be negotiated, in persuance of existing laws, and including treasury notes, amounted at that time to sixty-five million seven hundred and seventy-eight thousand four hundred and fifty dollars and forty-one cents.

Funded stock of the U. States amounting to about half a million of dollars, has been purchased, as authorized by law, since that period, and the public debt has thus been reduced; the details of which will be presented in the annual report of the Secretary of the Treasury.

The estimates of expenditures for the next fiscal year, submitted by the Secreta of the Treasury, it is believed will be ample for all necessary purposes. If the appropriations made by Congress shall not exceed the amount estimated, the means in the treasury will be sufficient to defray all the expenses of the government; to pay off the next instalment of three millions of dollars to Mexico, which will fall due on the thirtieth of May next; and still a considerable surplus will remain, which should be applied to the further purchase of the public stock and reduction of the debt. Should enlarged appropriations be made, the necessary consequence will be to postpone the payment of the debt.—Though our debt, as compared with that of most other nations, is small, it is our true policy and in harmony with the genius of our institutions, that we should present to the world the rare spectacle of a great republic, possessing vast resources and wealth, wholly exempt from public indebtednes. This would add still more to our strength, and give to us a still more commanding position among the nations of the earth.

The public expenditures should be economical, and be confined to such necessary objects as are clearly within the power of Congress. All such as are not absolutely demanded should be postponed, and the payment of the public debt at the earliest practicable period should be a cardinal principle of our public policy.

For the reason assigned in my last annual message, I repeat the recommendation that a branch of the mint of the United States be established at the city of New York. The importance of this measure is greatly increased by the acquisition of the rich mines of the precious metals in New Mexico and California, and especially in the latter.

I repeat the recommendation, heretofore made, in favor of the graduation and reduction of the price of such of the public lands as have been long offered in the market, and have remained unsold, and in favor of extending the rights of pre-emption to actual settlers on the unsurveyed as well as the surveyed lands.

The condition and operations of the army, and the state of other branches of the public service under the supervision of the War Department, are satisfactorily presented in the accompanying report of the Secretary of War.

On the return of peace, our forces were withdrawn from Mexico, and the volunteers and that portion of the regular army engaged for the war were disbanded. Orders have been issued for stationing the forces of our permanent establishment at various positions in our extended country, where troops may be required. Owing to the remoteness of some of these positions, the detachments have not yet reached their destination. Notwithstanding the extension of the limits of our country and the force required in the new territories, it is confidently believed that our present military establishment is sufficient for all exigencies, so long as our peaceful relations remained undisturbed.

Of the amount of military contributions collected in Mexico, the sum of seven hundred and sixty-nine thousand six hundred and fifty dollars was applied towards the payment of the first instalment due under the treaty with Mexico. The further sum of three hundred and forty-six thousand three hundred and sixty-nine dollars and thirty cents has been paid into the treasury, and unexpended balances still remain in the hands of the disbursing officers and those who were engaged in the collection of these moneys. After the proclamation of peace, no further disbursements were made of any unexpended money arising from this source. The balances on hand were directed to be paid into the treasury, and individual claims on the fund will remain unadjusted until Congress shall authorize their settlement and payment. These claims are not considerable in number or amount.

I recommend to your favorable consideration the suggestions of the Secretary of War and the Secretary of the Navy in regard to legislation on this subject.

Our Indian relations are presented in a most favorable view in the report from the War Department. The wisdom of our policy in regard to the tribes within our limits, is clearly manifested by their improved and rapidly improving condition.

A most important treaty with the Menomonies has been recently negotiated by the Commissioner of Indian Affairs in person, by which all their land in the State of Wisconsin—being about four millions of acres—has been ceeded to the United States. This treaty will be submitted to the Senate for ratification at an early period of your present session.

Within the last four years, eight important treaties have been negotiated with different Indian tribes, and at a cost of one million eight hundred and forty-two thousand dollars; Indian lands to the amount of more than eighteen million five hundred thousand acres, have been ceded to the United States; and provision has been made for settling in the country west of the Mississippi the tribe which occupied this large extent of the public domain.—The title to all the Indian lands within the several States of our Union, with the exception of a few small reservations, is now extinguished, and a vast region opened for settlement and cultivation.

The accompanying report of the Secretary of the Navy gives a satisfactory exhibit of the operations and condition of that branch of the public service.

A number of small vessels suitable for entering the mouths of rivers were judiciously purchased during the war, and gave great efficiency to the squadron in the Gulf of Mexico. On the return of peace, when no longer valuable for naval purposes, and liable to constant deterioration, they were sold, and the money placed in the treasury.

The number of men in the naval service authorized by law during the war, has been reduced by discharges below the maximum fixed for the peace establishment. Adequate spuadrons are maintained in the several quarters of the globe where experience has shown their services may be most usefully employed; and the naval service was never in a condition of higher discipline or greater efficiency.

I invite attention to the recommendation of the Secretary of the Navy on the subject of the marine corps. The reduction of the corps at the end of the war required that four officers of each of the three lower grades should be dropped from the rolls. A board of officers made the selection; and those designated were necessarily dismissed but without any alleged fault. I concur in opinion with the Secretary, that the service would be improved by reducing the number of landsmen, and increasing the marines. Such a measure would justify an increase of the number of officers to the extent of the reduction by dismissal, and still the corps would have fewer officers than the corresponding number of men in the army.

The contracts for the transportation of the mail in steamships convertible into war-steamers, promise to realize all the benefits to our commerce and to the navy which were anticipated. The first steamer thus secured to the government was launched in January, 1847. There are now seven; and in another year there will, probably, be not less than seventeen afloat. While this great national advantage is secured, our social and commercial intercourse is increased and promoted with Germany, Great Britain, and other parts of Europe, with all the countries on the West Coast of our continent, especially with Oregon and California, and between the northern and southern sections of the United States. Considerable revenue may be expected from postages; but the connected line from New York to Chagres, and thence across the isthmus to Oregon, cannot fail to exert a beneficial influence, not now to be estimated, on the interests of the manufactures, commerce, navigation, and currency of the United States. As an important part of the system, I recommend to your favorable consideration the establishment of the proposed line of steamers between New Orleans and Vera Cruz.—It promises the most happy results in cementing friendship between the two republics, and in extending reciprocal benefits to the trade and manufactures of both.

The report of the Postmaster General will make known to you the operations of that department for the past year.

It is gratifying to find the revenues of the department, under the rates of postage now established by law, so rapidly increasing. The gross amount of postages during the last fiscal year amounted to four million three hundred and seventy-one thousand and seventy-seven dollars, exceeding the annual average received for the nine years immediately preceding the passage of the act of the third of March, 1845, by the sum of six thousand four hundred and fifty-three dollars, and exceeding the amount received for the year ending the thirtieth of June, 1847, by the sum of four hundred and twenty-five thousand one hundred and eighty-four dollars.

The expenditures for the year, excluding the sum of ninety-four thousand six hundred and seventy-two dollars, allowed by Congress at its last session to individual claimants, and including the sum of one hundred thousand five hundred dollars paid for the services of the line of steamers between Bremen and New York, amounted to four million one hundred and ninety-eight thousand eight hundred and forty-five dollars, which is less than the annual average for the nine years previous to the act of 1845, by three hundred thousand seven hundred and forty-eight dollars.

The mail routes, on the thirtieth day of June last, were one hundred and sixty-three thousand two hundred and eight miles in extent—being an increase during the last year of nine thousand three hundred and ninety miles. The mails were transported over them, during the same time, forty-one million twelve thousand five hundred and seventy-nine miles; making an increase of transportation for the year of two million one hundred and twenty-four thousand six hundred and eighty miles, whilst the expense was less than that of the previous year by four thousand two hundred and thirty five dollars.

The increase in the mail transportation within the last three years has been five million three hundred and ten miles, whilst the expenses were reduced four hundred and fifty-six thousand seven hundred and thirty-eight dollars—making an increase of service at the rate of fifteen per cent, and a reduction in the expenses of more than fifteen per cent.

During the past year there have been employed, under contracts with the Post Office Department, two ocean steamers in conveying the mails monthly between New York and Bremen, and one, since October last, performing semi-monthly service between Charleston and Havana; and a contract has been made for the transportation of the Pacific mails across the isthmus from Chagres to Panama.

Under the authority given to the Secretary of the Navy, three ocean steamers have been constructed and sent to the Pacific, and are expected to enter upon the mail service between Panama and Oregon, and the intermediate ports, on the first of January next, and a fourth has been engaged by him for the service between Havana and Chagres; so that a regular monthly mail line will be kept up after that time between the United States and our territories on the Pacific.

Notwithstanding this great increase in the mail service, should the revenue continue to increase the present year as it did in the last, there will be received near four hundred and fifty thousand dollars more than the expenditures.

These considerations have satisfied the Postmaster General that, with certain modifications of the act of 1845, the revenue may be still further increased, and a reduction of postages made to a uniform rate of five cents, without an interference with the principle, which has been constantly and properly enforced, of making that department sustain itself.

A well-digested cheap postage system is the best means of diffusing intelligence among the people, and is of so much importance in a country so extensive as that of the United States, that I recommend to your favorable consideration the suggestions of the Postmaster General for its improvement.

Nothing can retard the onward progress of our country, and prevent us from assuming and maintaining the first rank among nations, but a disregard of the experience of the past, and a recurrence to an unwise public policy. We have just closed a foreign war by an honorable peace—a war rendered necessary and unavoidable in vindication of the national rights and honor. The present condition of the country is similar in some respects to that which existed immediately after the close of the war with Great Britain in 1815, and the occasion is deemed to be a proper one to take a retrospect of the measures of public policy which followed that war. There was at that period of our history a departure from our earlier policy. The enlargement of the powers of the federal government by *construction*, which obtained, was not warranted by any just interpretation of the constitution. A few years after the close of that war, a series of measures was adopted which, united and combined, constituted what was termed by their authors and advocates the "American system."

The introduction of the new policy was for a time favored by the condition of the country; by the heavy debt which had been contracted during the war; by the depression of the public credit; by the deranged state of the finances and the currency; and by the commercial and pecuniary embarrassment which extensively prevailed. These were not the only causes which led to its establishment. The events of the war with Great Britain, and the embarrassments which had attended its prosecution, had left on the minds of many of our statesmen the impression that our government was not strong enough, and that to wield its resources successfully in great emergencies, and especially in war, more power should be concentrated in its hands. This increased power they did not seek to obtain by the legitimate and prescribed mode—an amendment of the constitution—but by *construction*.

They saw governments in the old world based upon different orders of society, and so constituted as to throw the whole power of nations into the hands of a few, who taxed and controlled the many without responsibility or restraint. In that arrangement they conceived the strength of nations in war consisted. There was also something fascinating in the ease, luxury, and display of the higher orders, who drew their wealth from the toil of the laboring millions. The authors of the system drew their ideas of political economy from what they had witnessed in Europe, and particularly in Great Britain. They had viewed the enormous wealth concentrated in few hands, and had seen the splendor of the overgrown establishments of an aristocracy which was upheld by the restrictive policy. They forgot to look down upon the poorer classes of the English population, upon whose daily and yearly labor the great establishments they so much admired were sustained and supported. They failed to perceive that the scantily-fed and half-clad operatives were not only in abject poverty, but were bound in chains of oppressive servitude for the benefit of favored classes, who were the exclusive objects of the care of the government.

It was not possible to reconstruct society in the United States upon the European plan. Here there was a written constitution, by which orders and titles were not recognised or tolerated. A system of measures was therefore devised, calculated, if not intended, to withdraw power gradually and silently from the States and the mass of the people, and by *construction* to approximate our government to the European models, substituting an aristocracy of wealth for that of orders and titles.

Without reflecting upon the dissimilarity of our institutions, and of the condition of our people and those of Europe, they conceived the vain idea of building up in the United States a system similar to that which they admired abroad. Great Britain had a national bank of large capital, in whose hands was concentrated the controlling monetary and financial power of the nation; an institution wielding almost kingly power, and exerting vast influence upon all the operations of trade, and upon the policy of the government itself. Great Britain had an enormous public debt, and it had become a part of her public policy to regard this as a "public blessing." Great Britain had also a restrictive policy, which placed fetters and burdens on trade, and trammeled the productive industry of the mass of the nation. By her combined system of policy, the landlords and other property-holders were protected and enriched by the enormous taxes which were levied upon the labor of the country for their advantage.

Imitating this foreign policy, the first step in establishing the new system in the United States was the creation of a national bank. Not foreseeing the dangerous power and countless evils which such an institution might entail on the country, nor perceiving the connexion which it was designed to form between the bank and the other branches of the miscalled "American system," but feeling the embarrassments of the treasury, and of the business of the country, consequent upon the war, some of our statesmen who had held different and sounder views were induced to yield their scruples, and, indeed, settled convictions of its unconstitutionality, and to give it their sanction, as an expedient which they vainly hoped might produce relief. It was a most unfortunate error, as the subsequent history and final catastrophe of that dangerous and corrupt institution have abundantly proved. The bank, with its numerous branches ramified into the States, soon brought many of the active political and commercial men in different sections of the country into the relation of debtors to it, and dependants upon it for pecuniary favors; thus diffusing throughout the mass of society a great number of individuals of power and influence to give tone to public opinion, and to act in concert in cases of emergency.

The corrupt power of such a political engine is no longer a matter of speculation, having been displayed in numerous instances, but most signally in the political struggles of 1832–'3–'4, in opposition to the public will, represented by a fearless and patriotic President.

But the bank was but one branch of the new system. A public debt of more than one hundred and twenty millions of dollars existed; and it is not to be disguised that many of the authors of the new system did not regard its speedy payment as essential to the public prosperity, but looked upon its continuance as no national evil.

Whilst the debt existed, it furnished aliment to the national bank, and rendered increased taxation necessary to the amount of the interest, exceeding seven millions of dollars annually.

This operated in harmony with the next branch of the new system, which was a high protective tariff. This was to afford bounties to favored classes and particular pursuits, at the expense of all others. A proposition to tax the whole people for the purpose of enriching a few, was too monstrous to be openly made. The scheme was, therefore, veiled under the plausible but delusive pretext of a measure to protect "home industry;" and many of our people were, for a time, led to believe that a tax which in the main fell upon labor, was for the benefit of the laborer who paid it. This branch of the system involved a partnership between the government and the favored classes—the former receiving the proceeds of the tax imposed on articles imported, and the latter the increased price of similar articles produced at home, caused by such tax. It is obvious that the portion to be received by the favored classes would, as a general rule, be increased in proportion to the increase of the rates of tax imposed, and diminished as those rates were reduced to the revenue standard required by the wants of the government. The rates required to produce a sufficient revenue for the ordinary expenditures of government, for necessary purposes, were not likely to give to the private partners in this scheme profits sufficient to satisfy their cupidity; and hence a variety of expedients and pretexts were resorted to for the purpose of enlarging the expenditures, and thereby creating a necessity for keeping up a high protective tariff. The effect of this policy was to interpose artificial restrictions upon the natural course of the business and trade of the country, and to advance the interests of large capitalists and monopolists, at the expense of the great mass of the people, who were taxed to increase their wealth.

Another branch of this system was a comprehensive scheme of internal improvements, capable of indefinite enlargement, and sufficient to swallow up as many millions annually as could be enacted from the foreign commerce of the country. This was a convenient and necessary adjunct of the protective tariff. It was to be the great absorbent of any surplus which might at any time accumulate in the treasury, and of the taxes levied on the people, not for necessary revenue purposes but for the avowed object of affording protection to the favored classes.

Auxiliary to the same end, if it was not an essential part of the system itself, was the scheme which, at a later period, obtained, for distributing the proceeds of the sales of the public lands the among States. Other expedients were devised to take money out of the treasury, and prevent its coming in from any other source than the protective tariff. The authors and supporters of the system were the advocates of the largest expenditures, whether for necessary or useful purposes or not, because the larger the expenditures the greater was the pretext for higher taxes in the form of protective duties.

These several measures were sustained by popular names and plausible arguments, by which thousands were deluded. The bank was represented to be an indispensable fiscal agent for the government; was to equalize exchanges, and to regulate and furnish a sound currency, always and everywhere of uniform value. The protective tariff was to give employment to "American labor" at advanced prices; was to protect "home industry," and furnish a steady market for the farmer. Internal improvements were to bring trade into every neighborhood and enhance the value of every man's property. The distribution of the land money was to enrich the States, finish their public works, plant schools throughout their borders, and relieve them from taxation. But the fact, that for every dollar taken out of the treasury for these objects a much larger sum was transferred from the pockets of the people to the favored classes, was carefully concealed, as was also the tendency if not the ultimate design of the system to build up an aristocracy of wealth, to control the masses of society, and monopolize the political power of the country.

The several branches of this system were so intimately blended together, that in their operation each sustained and strengthened the others. Their joint operation was, to add new burdens of taxation and to encourage a largely increased and wasteful expenditure of public money. It was the interest of the bank that the revenue collected and the disbursements made by the government should be large, because, being the depository of the public money, the larger the amount, the greater would be the bank profits by its use. It was the interest of the favored classes who were enriched by the protective tariff, to have the rates of that protection as high as possible; for the higher those rates, the greater would be their advantage. It was the interest of the people of all those sections and localities who expected to be benefited by expenditures for internal improvements, that the amount collected should be as large as possible, to the end that the sum disbursed might also be the larger. The States being the beneficiaries in the distribution of the land money, had an interest in having the rates of tax imposed by the protective tariff large enough to yield a sufficient revenue from that source to meet the wants of the government, without disturbing or taking from them the land fund; so that each of the branches constituting the system had a common interest in swelling the public expenditures. They had a direct interest in maintaining the public debt, unpaid, and increasing its amount, because this would produce an annual increased drain upon the treasury, to the amount of the interest, and render the augmented taxes necessary. The operation and necessary effect of the whole system were, to encourage large and extravagant expenditures, and thereby to increase the public patronage, and maintain a rich and splendid government at the expense of a taxed and impoverished people.

It is manifest that this scheme of enlarged taxation and expenditures, had it continued to prevail, must soon have converted the government of the Union, intended by its framers to