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PRESIDENT'S MESSAGE.

To the Senate and House of Representatives of the United States:

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 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 a depreciation of the currency. The means 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 straining effect of the system upon the tendencies to excessive paper issues by banks has saved the government from any 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 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, submitting 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 pursuance 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 United 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 Treasury. The estimates of expenditures for the next fiscal year, submitted by the Secretary 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 will 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 spectacle of a great republic, possessing vast resources and wealth, wholly exempt from public indebtedness. 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 powers 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 metal 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 preemption to actual settlers on the unsurveyed 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 forces 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 remain 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 sixty nine dollars and thirty cents has been paid into the treasury, and unexpended balances still remain in the hands of 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 moneys 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 Menomonees 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 ceded 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 tribes 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 squadrons 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 a 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, 1848. 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 recommended 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 and 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 of the mail transportation within the last three years has been five million three hundred and seventy eight thousand 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 postage made to the 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 recurrence to an unwise public policy. We have just closed 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 case, 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 recognized 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 trammelled 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 dependant 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 pub-

lic 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 a pretext 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 exacted 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 among the 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 high 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 bank profits from the amount, the greater would be the bank profits by its use. It was the interest of the protective 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 enormous and ed drain upon the treasury, to the disadvantage of the Union, and render augmented taxation necessary. The operation and necessary effect of the whole system were, to encourage large and extravagant expenditures, and thereby to secure the public patronage, and maintain a splendid government at the expense of a simple and impoverished people.

It is manifest that this scheme of taxation and expenditures, had it been prevalent, must soon have converted the government of the Union, intended by its framers to be a plain, cheap, and simple confederate States, united together for common purposes, and charged with a few specific duties, chiefly to our foreign affairs, into a despotic empire, depriving the States of their rights, and the people of their just control in the administration of the government. In this manner the whole character of the government would be not by an amendment of the constitution, but by resorting to an unwarrantable and increased construction of that instrument.

The indirect mode of levying the duty on imports, prevents the mass of the people from readily perceiving the sum they pay, and has enabled the few, who are enriched, and who seek to wield the power of the country, to deceive and delude the people, as is the case in the States which could not occur.

The whole system was resisted from the beginning by some of our ablest statesmen, of whom doubtless its constitutionality and expediency, while others believed it was its branches, a flagrant and dangerous violation of the constitution.

That a national bank, a protective tariff, and internal improvements, were not to raise the revenue needed for the distribution of the proceeds of the public lands, are measures without warrant of the constitution, would, upon the most candid consideration, seem to be clear, and that no one of these measures, considered in such momentous consequences, could be an express grant of power in violation of the constitution. No one of them is "incident" or necessary and proper for the exercise of the specific powers granted by the constitution, which it has been used to justify each of them is derived from the general and constructions of the constitution, its letter and its whole object and design, and is not warranted. Is it to be conceived that immense powers would have been left to the framers of the constitution to mere legislative and doubtful constructions? Had it been intended to confer them on the federal government, it is but reasonable to conclude that would have been done by plain and unambiguous language. This was not done; but the structure of which the "American system" was reared on no other or better foundation than forced implications and inferences of power which its authors assumed to be deduced by construction from the constitution.

But it has been urged that the national bank, which constituted so essential a branch of the combined system of measures, was necessary, and that its constitutionality had been previously sanctioned, because a bank had been chartered in 1791, and had received the signature of President Washington. Facts will show the just weight to be given to this precedent should be entitled as bearing upon the question of constitutionality.

Great division of opinion upon this subject existed in Congress. It is well known that President Washington entertained serious doubts both as to the constitutionality and expediency of the measure; and while the bill was pending for his official approval or disapproval, great were these doubts, that he required opinion in writing" of the members of his cabinet to aid him in arriving at a decision. He gave their opinion, and was in favor of the subject—General Hamilton being in favor of it, and Mr. Jefferson and Mr. Madison being opposed to the constitutional validity of the bank. It is well known that President Washington retained from Monday, the fourth, when it was sent to him, until Friday, the twenty-first of February—being the last moment of time by the constitution to deliberate, and finally yielded to it his reluctant assent, and gave it his signature. It is certain that on the twenty-third of February—being the day after the bill was presented to him—arrived at no satisfactory conclusion; that day he addressed a note to General Hamilton, in which he informs him that he was presented to me by the joint committee of Congress at 12 o'clock on Monday, the twenty instant; and he requested his opinion "to what precise period, by legal interpretation of the constitution, can the President be in his possession, before it becomes the lapse of ten days." If the proper interpretation was, that the day on which the bill was presented to the President, and the day on which his action was had upon it, were both counted inclusive, then the time allowed within which it would be competent for him to return it to the House in which it originated, with his objections, would expire on the twenty-fourth of February. General Hamilton on the same day returned an answer, which he states: "I give it as my opinion, you have ten days exclusive of that on which the bill was delivered to you, and hence, in the present case, if it is returned to the House on Friday, it will be in time." By this action, which the President adopted, he was another day for deliberation, and it was on the twenty-fifth of February that he signed the bill; thus affording conclusive proof that he had obtained his own consent, not without great and almost insuperable difficulty. Additional light has been thrown upon the serious doubts which he had on the subject, amounting at one time to a question, that it was his duty to withhold his signature from the bill. This is found among the manuscript papers of Mr. Madison, which were purchased for the use of the government, and the first time accessible to the public. These papers, it appears that President Washington, while he yet held the bank to be unconstitutional, actually requested Mr. Madison, a member of the House of Representatives, to prepare the draught of a message for him. Mr. Madison, at his request, prepared the draught of such a message, and on the twenty-first of February, 1791, a copy of this original draught, in Madison's own handwriting, was carefully written up by him, and among the papers, which were placed in the hands of the President, and Madison's handwriting, and is as follows: "February 21st, 1791. Copy of a message made out and sent to the President."