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**TERMS.**  
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### REMARKS OF MR. CLAY.

In the Senate of the United States on the SUB-TREASURY BILL, on the 25th September, 1837.

The Senate having resumed the consideration of the bill imposing additional duties, as depositories of the public moneys, on certain officers of the General Government—

Mr. CLAY rose and addressed the Senate upwards of three hours. We cannot undertake to report all that he said, exactly as it was said. We must content ourselves with exhibiting a view of his argument, employing generally the language in which it was expressed.

He commenced by observing that, feeling an anxious desire to see some effectual plan presented to correct the disorders in the currency, and to restore the prosperity of the country, he had avoided precipitating himself into the debate now in progress, that he might attentively examine every remedy that should be proposed, and impartially weigh every consideration urged in its support. No period had ever existed in this country, in which the future was covered by a darker, denser, or more impenetrable gloom. None, in which the duty was so imperative to discard all passion and prejudice, all party ties, and previous bias, and look exclusively to the good of our afflicted country. In one respect, and he thought it a fortunate one, our present difficulties are distinguishable from former domestic troubles, and that is their universality. They are felt, it is true, in different degrees, but they reach every section, every State, every interest, almost every man in the Union. All feel, see, hear, know their existence. As they do not array, like our former divisions, one portion of the Confederacy against another, it is to be hoped that common sufferings may lead to common sympathies and common councils, and that we shall, at no distant day, be able to see a clear way of deliverance. If the present state of the country were produced by the fault of the people; if it proceeded from their wasteful extravagance and their indulgence of a reckless spirit of ruinous speculation; if public measures had no agency whatever in bringing it about, it would nevertheless be the duty of the Government to exert all its energies and to employ all its legitimate powers to devise an efficacious remedy. But if our present deplorable condition has sprung from our vices; if it is to be clearly traced to their acts and operations, that duty becomes infinitely more obligatory; and Government would be faithless to the highest and most solemn of human trusts should it neglect to perform it. And is it not too true that the evils which surround us are to be ascribed to those who have had the conduct of our public affairs?

In glancing at the past, (continued Mr. C.) nothing can be further from my intention than to excite angry feelings, or to find grounds of reproach. It would be far more congenial to my wishes that, on this occasion, we should forget all former unhappy divisions & animosities. But, in order to discover how to get out of our difficulties, we must ascertain, if we can, how we got into them.

Prior to that series of unfortunate measures which had for its object the overthrow of the Bank of the United States, and the discontinuance of its fiscal agency for the Government, no people upon earth ever enjoyed a better currency, or had exchanges better regulated, than the people of the United States. Our monetary system appeared to have attained as great perfection as any thing human can possibly reach. The combination of United States and local banks presented a true image of our system of General and State Governments, and worked quite as well. Not only within the country had we a local and a general currency perfectly sound, but in whatever quarter of the globe American commerce had penetrated, there also did the bills of the Bank of the United States command unbounded credit and confidence. Now we are in danger of having fixed upon us, indefinitely as to time, that medium—an irredeemable paper currency, which, by the universal consent of the commercial world, is regarded as the worst. How has this reverse come upon us? Can it be doubted that it is the result of those measures to which I have adverted? When, at the very moment of adopting them, the very consequences which have happened were foretold as inevitable, is it necessary to look elsewhere for their cause? Never was prediction more distinctly made; never was

fulfilment more literal or exact. Let us suppose that those measures had not been adopted; that the Bank of the United States had been rechartered; that the public deposits had remained undisturbed; and that the treasury order had never issued: is there not every reason to believe that we should be now in the enjoyment of a sound currency; that the public deposits would be now safe and forthcoming; and that the suspension of specie payments in May last would not have happened?

The President's Message asserts that the suspension has proceeded from over-action—over-trading—the indulgence of a spirit of speculation produced by bank and other facilities. I think this is a view of the case entirely too superficial. It would be quite as correct and just, in the instance of a homicide perpetrated by the discharge of a gun, to allege that the leaden ball, and not the man who levelled the piece, was responsible for the murder. The true inquiry is, how came that excessive over-trading, and those extensive bank facilities which the Message describes? Were they not the necessary and immediate consequences of the overthrow of the bank, and the removal from its custody of the public deposits? And is not this proven by the vast multiplication of banks, the increase of the line of their discounts and accommodations, prompted and stimulated by Secretary Taney, and the great augmentation of their circulation which ensued?

What occurred in the State of Kentucky, in consequence of the veto of the recharter of the Bank of the United States, illustrates its effects throughout the Union. That State had suffered greatly by banks. It was generally opposed to the re-establishment of them. It had found the notes of the Bank of the United States answering all the purposes of a sound currency at home and abroad, and it was perfectly contented with them. At the period of the veto, it had but a single bank, of limited capital and circulation. After it, the State, reluctant to engage in the banking system, and still cherishing hopes of the creation of a new Bank of the United States, encouraged by the supporters of the late President, hesitated about the incorporation of new banks. But, at length, despairing of the establishment of a Bank of the United States, and finding itself exposed to a currency in bank notes from adjacent States, it proceeded to establish banks of its own, and since the veto, since 1833, has incorporated for that single State bank capital to the amount of ten million of dollars—a sum equal to the capital of the first Bank of the United States created for the whole Union!

That the local banks, to which the deposits were transferred from the Bank of the United States, were urged and stimulated freely to discount upon them, we have record evidence from the Treasury Department.

The Message, to reconcile us to our misfortunes, and to exonerate the measures of our own Government from all blame in producing the present state of things, refers to the condition of Europe, and especially to that of Great Britain. It alleges, that "in both countries we have witnessed the same redundancy of paper money, and other facilities of credit; the same spirit of speculation; the same partial successes; the same difficulties and reverses; and, at length, nearly the same overwhelming catastrophe."

The very clear and able argument of the Senator from Georgia (Mr. King) relieves me from the necessity of saying much upon this part of the subject. It appears that during the period referred to by the Message, of 1836-4-5, there was, in fact, no augmentation, or a very trifling augmentation, of the circulation of the country, and that the Message has totally misconceived the actual state of things in Great Britain. According to the publications to which I have had access, the Bank of England in fact diminished its circulation, comparing the first with the last of that period, about 2-1/2 millions sterling; and although the joint-stock and private banks increased theirs, the amount of increase was neutralized by the amount of diminution.

If the state of things were really identical, or similar, in the two countries, it would be fair to trace it to similarity of causes. But is that the case? In Great Britain a sound currency was preserved by a recharter of the Bank of England about the same time that the recharter of the Bank of the United States was agitated here. In the United States we have not preserved a sound currency, in consequence of the veto. If Great Britain were near the same catastrophe (which occurred here, she nevertheless ESCAPED it; & this difference in the condition of the two countries makes all the difference in the world. Great Britain has recovered from whatever mercantile distresses she experienced; we have not; and when shall we? All is bright and cheerful and encouraging in the prospects which lie before her; and the reverse is our unfortunate situation.

Great Britain has, in truth, experienced only those temporary embarrassments which are incident to commercial transactions, conducted upon the scale of vast magnitude on which hers are carried on. Prosperous and adverse times, action and reaction, are the lot of all commercial countries. But our distresses sink deeper; they reach the heart, which has ceased to perform its office of circulation in the great concerns of our body politic.

Whatever of embarrassment Europe has recently experienced may be satisfactorily explained by its trade and connexions with the United States. The degree of embarrassment has been marked, in the commercial countries there, by the degree of their connexion with the United States. All, or almost all, the great failures in Europe have been of houses engaged in the American trade. Great Britain, which, as the Message justly observes, maintains the closest relations with us, has suffered most; France next, and so on, in the order of their greater or less commercial intercourse with us. Most truly was it said by the Senator from Georgia that the recent embarrassments of Europe were the embarrassments of a creditor, from whom payment was withheld by the debtor, and from whom the precious metals have been unnecessarily withdrawn by the policy of the same debtor.

Since the intensity of suffering, and the disastrous state of things in this country, have far transcended any thing that has occurred in Europe, we must look here for some peculiar and more potent cause than any which have been in operation there. They are to be found in that series of measures to which I have already adverted.

- 1st. The veto of the bank.
- 2d. The removal of the deposits, with the urgent injunction of Secretary Taney upon the banks to enlarge their accommodations.
- 3d. The gold bill, and the demand of gold for the foreign indemnities.
- 4th. The clumsy execution of the deposit law; and
- 5th. The Treasury order of July, 1836.

[Here Mr. Clay went into an examination of these measures to show that the inflated condition of the country, the wild speculations, which had risen to their height when they began to be checked by the preparations of the local banks necessary to meet the deposit law of June, 1836, the final suspension of specie payments, and the consequent disorders in the currency, commerce, and general business of the country, were all to be traced to the influence of the measures enumerated. All these causes operated immediately, directly, and powerfully upon us, and their effects were indirectly felt in Europe.]

The message imputes to the deposit law an agency in producing the existing embarrassments. This is a charge frequently made by the friends of the Administration against that law. It is true that the banks having increased their accommodations, in conformity with the orders of Secretary Taney, it might not have been convenient to recall and pay them over for public use. It is true, also, that the manner in which the law was executed by the Treasury Department, transferring large sums from creditor to debtor portions of the country, without regard to the commerce or business of the country, might have aggravated the inconvenience. But what do those who object to the law think ought to have been done with the surpluses which had accumulated, and were daily augmenting to such an enormous amount in the hands of the deposit banks? Was it not proper and just that they should be applied to the uses of the people from whom they were collected? And whenever and however taken from the deposit banks, would not inconvenience necessarily happen?

The message asserts that the Bank of the United States, chartered by Pennsylvania, has not been able to save or to check other institutions, notwithstanding "the still greater strength it has been said to possess, under its present charter." That bank is now a mere State or local institution. Why is it referred to, more than the Bank of Virginia, or any other local institution?

The exalted station which the President fills forbids the indulgence of the supposition that the allusion has been made to enable the administration to profit by the prejudices which have been excited against it. Was it the duty of that bank, more than any other State bank, to check the local institutions? Was it not even under less obligations to do so than the deposit banks, selected and fostered by the General Government?

But how could the Message venture to assert that it has greater strength than the late Bank of the United States possessed? Whatever may be the liberality of the conditions of its charter, it is impossible that any single State could confer upon it facilities equal to those granted to the late Bank of the United States—first, in making it the sole depository of the revenue of the United States; and, secondly, in making its notes receivable in the payment of all public dues. If a Bank of

the United States had existed, it would have had ample notice of the accumulation of public moneys in the local banks, and, by timely measures of precaution, it could have prevented the speculative uses to which they were applied. Such an institution would have been bound, by its relations to the Government, to observe its appropriations, and financial arrangements and wants, and to hold itself always ready promptly to meet them. It would have drawn together gradually, but certainly, the public moneys, however dispersed. Responsibility would have been concentrated upon it alone, instead of being weakened or lost by diffusion among some eighty or ninety local banks, dispersed throughout the country, and acting without any effective concert.

A subordinate but not unimportant cause of the evils which at present encompass us has been the course of the late administration towards the compromise act. The great principle of that act, in respect to our domestic industry, was its stability. It was intended and hoped that, by withdrawing the tariff from those annual discussions in Congress, of which it had been the fruitful topic, our manufactures would have a certainty, for a long period, as to the measure of protection, extended to them by its provisions, which would compensate any reduction in the amount contained in prior acts. For a year or two after it was adopted, the late administration manifested a disposition to respect it, as an arrangement which was to be inviolable. But, for some time past, it has been constantly threatened from that quarter, and a settled purpose has been displayed to disregard its conditions. Those who had an agency in bringing it forward, and carrying it through Congress, have been held up to animadversion; it has been declared by members, high in the confidence of the administration in both Houses, to possess no obligatory force beyond any ordinary act of legislation, and new adjustments of the tariff have been proposed in both Houses, in direct contravention of the principles of the compromise; and, at the last session, one of them actually passed the Senate, against the most earnest entreaty and remonstrance. A portion of the South has not united in these attacks upon the compromise; and I take pleasure in saying that the two Senators from South Carolina, especially, have uniformly exhibited a resolution to adhere to it with perfect honor and fidelity.

The effect of these constant threats and attacks, coming from those high in power, has been most injurious. They have shown to the manufacturing interest that no certain reliance was to be placed upon the steadiness of the policy of the Government, no matter under what solemn circumstances it was adopted. That interest has taken alarm; new enterprises have been arrested, old ones curtailed; and at this moment it is the most prostrate of all the interests in the country. One-half in amount, as I have been informed, of the manufacturers throughout the country have actually suspended operations, and those who have not chiefly confine themselves to working up their stocks on hand.

The consequence has been, that we have made too little at home, and purchased too much abroad. This has augmented that foreign debt, the existence of which so powerfully contributed to the suspension, and yet forms an obstacle to the resumption of specie payments.

The Senator from South Carolina (Mr. Calhoun) attributed the creation of the surplus revenue to the tariff policy, and especially to the acts of 1824 and 1828. I do not perceive any advantage, on the present occasion, in reviving or alluding to the former discussions which prevailed on the subject of that policy. They were all settled and quieted by the great healing measure (the compromise) to which I have referred. By that act I have been willing and ready to abide. And I have desired only that it should be observed and executed in a spirit of good faith and fidelity similar to that by which I have been ever actuated towards it.

The act of 1829 was no measure of the friends of the manufacturers. Its passage was forced by a coalition between their secret and open opponents. But the system of production of American industry did not cause the surplus. It proceeded from the extraordinary sales of the public lands. The receipts, from all sources other than that of the public lands, and expenditures of the years 1833-4-5-6, (during which the surplus was accumulating,) both amount to about eighty-seven millions of dollars, thus clearly showing that the customs only supplied the necessary means of public disbursements, and that it was the public domain that produced the surplus.

If the land bill had been allowed to go into operation, it would have distributed gradually and regularly among the several States the proceeds of the public lands, as they would have been received from time to time. They would have returned back in small streams similar to those by which

they had been collected, animating, and improving, and fructifying the whole country. There would have been no vast surplus to embarrass the Government, no removal of deposits from the Bank of the United States to the deposit banks, to disturb the business of the country; no accumulations in the deposit banks of immense sums of public money, augmented by the circuit it was performed between the land offices and the banks, and the banks and the land offices; no occasion for the Secretary of the Treasury to lash the deposit banks into the giant of inordinate accommodations; and possibly there would have been no suspension of specie payments. But that bill was suppressed by a most extraordinary and dangerous exercise of executive power.

The cause of our present difficulties may be stated in another way. During the late administration we have been deprived of the practical benefit of a free government; the forms, it is true, remained and were observed, but the essence did not exist. In a free, or self government, the collected wisdom, the aggregate will of the whole, or at least of a majority, moulds and directs the course of public affairs. In a despotism, the will of a single individual governs. In a practically free government, the nation controls the Chief Magistrate; in an arbitrary government, the Chief Magistrate controls the nation. And has not this been our situation in the period mentioned? Has not one man forced his own will on the nation? Have not all those disastrous measures—the veto of the bank; the removal of the deposits; the rejection of the land; and the Treasury order, which have led to our present unfortunate condition, been adopted, in spite of the wishes of the country, and in opposition, probably, to those of the dominant party itself?

Our misfortune has not been the want of wisdom, but of firmness. The party in power would not have governed the country very ill, if it had been allowed its own way. Its fatal error has been to lend its sanction, and to bestow its subsequent applause and support upon Executive acts which, in their origin, it previously deprecated or condemned. We have been shocked and grieved to see whole legislative bodies and communities approving and lauding the rejection of the very measures which previously they had unanimously recommended! To see whole States abandoning their long-cherished policy and best interests in subservency to Executive pleasure! And the numberless examples of individuals who have surrendered their independence, must inflict pain in every patriot bosom. A single case forces itself upon my recollection as an illustration, to which I do not advert from any unkind feelings towards the gentleman to whom I refer, between whom and myself civil and courteous relations have ever existed. The memorial of the late Bank of the United States praying for a recharter was placed in his hands, and he presented it to the Senate. He carried the recharter through the Senate. The veto came; and, in two or three weeks afterwards, we beheld the same Senator at the head of an assembly of the people in State House yard, in Philadelphia, applauding the veto, and condemning the bank—condemning his own act! Motives lie beyond the reach of the human eye, and it does not belong to me to say what they were which prompted this self-castigation, and this praise of the destruction of his own work; but it is impossible to overlook the fact that this same Senator, in due time, received from the author of the veto the gift of a splendid foreign mission!

The moral deducible from the past is, that our free institutions are superior to all others, and can be preserved in their purity and excellence only upon the stern condition that we shall forever hold the obligations of patriotism paramount to all the ties of party, or to individual dictations; and that we shall never openly approve what we secretly condemn.

In this rapid, and, I hope, not fatiguing review of the causes which I think have brought upon us existing embarrassments, I repeat that it has been for no purpose of reproaching or criminating those who have had the conduct of our public affairs; but to discover the means by which the present crisis has been produced, with a view to ascertain, if possible, what (which is by far much more important) should be done by Congress to avert its injurious effects. And this brings me to consider the remedy proposed by the Administration.

The great evil under which the country labors is the suspension of the banks to pay specie, the total derangement in all domestic exchanges, and the paralysis which has come over the whole business of the country. In regard to the currency, it is not that a given amount of bank notes will not now command as much as the same amount of specie would have done prior to the suspension; but it is the future, the danger of an inconvertible paper money being indefinitely or permanently fixed upon the People, that fills them with apprehensions. Our

great object should be to re-establish a sound currency, and thereby to restore the exchanges, and revive the business of the country.

The first impression which the measures brought forward by the Administration make is, that they consist of temporary expedients, looking to the supply of the necessities of the Treasury; or, so far as any of them possess a permanent character, its tendency is rather to aggravate than alleviate the sufferings of the People. None of them proposes to rectify the disorders in the actual currency of the country; but the People, the States, and their banks, are left to shift for themselves as they may or can. The Administration, after having intervened between the States and their Banks and taken them into the Federal service, without the consent of the States; after having praised and praised them after having brought them, or contributed to bring them, into their present situation, now suddenly turns its back upon them, leaving them to their fate! It is not content with that; it must absolutely discredit their issues. And the very People who were told by the Administration that these banks would supply them with a better currency, are now left to struggle as they can with the very currency, which the Government recommended to them, but which it now refuses itself to receive?

The professed object of the Administration is to establish what it terms the currency of the Constitution, which it proposes to accomplish by restricting the Federal Government, in all receipts and payments, to the exclusive use of specie, and by refusing all bank paper, whether convertible or not. It disclaims all purposes of crippling or putting down the banks of the States; but we shall better determine the design or the effect of the measures recommended by considering them together, as one system.

1. The first is the sub-Treasury, which are to be made the depositories of all the specie collected and paid out for the service of the General Government, discrediting and refusing all the notes of the States, although payable and paid in specie.

2. A bankrupt law for the United States, levelled at all the State banks, and authorizing the seizure of the effects of any of them that stop payment, and the administration of their effects under the Federal authority exclusively.

3. A particular law for the District of Columbia, by which all the Corporations and People of the District, under severe pains and penalties, are prohibited from circulating, sixty days after the passage of the law, any paper whatever not convertible into specie on demand, and are made liable to prosecution by indictment.

4. And lastly, the bill to suspend the payment of the fourth instalment to the States, by the provisions of which the deposit banks indebted to the Government are placed at the discretion of the Secretary of the Treasury.

It is impossible to consider this system without perceiving that it is aimed at, and, if carried out, must terminate in the total subversion of the State banks; & that they will be all placed at the mercy of the Federal Government. It is in vain to protest that there exists no design against them. The effect of these measures cannot be misunderstood.

And why this new experiment or untried expedient? The People of this country are tired of experiments. Ought not the Administration itself to cease with them? Ought it not to take warning from the events of recent elections? Above all, should not the Senate, constituted as it now is, be the last body to lend itself to further experiments upon the business and happiness of this great People? According to the latest expression of public opinion in the several States, the Senate is no longer a true exponent of the will of the States or of the People. If it were, there would be thirty-two or thirty-four Whigs to eighteen or twenty friends of the Administration.

Is it desirable to banish a convertible paper medium, and to substitute the precious metals as the sole currency to be used in all the vast extent of varied business of this entire country? I think not. The quantity of precious metals in the world, looking to our fair distributive share of them, is wholly insufficient. A convertible paper is a great time-saving and labor-saving instrument, independent of its superior advantages in transfers and remittances. A friend, no longer ago than yesterday, informed me of a single bank whose payments and receipts in one day amounted to two millions of dollars. What time would not have been necessary to count such a vast sum! The payments, in the circle of a year, in the city of New York, were estimated several years ago at fifteen hundred millions. How many men and how many days would be necessary to count such a sum! A young, growing, and enterprising people, like those of the United States, more than any other, need the use of those credits which are incident to a sound paper system.

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