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TERMS.

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SPEECH OF MR. CALHOUN, OF SOUTH CAROLINA, ON THE SUB-TREASURY BILL.

Delivered in the Senate of the United States, February 15, 1838.

(Continued.)

Having now shown how this league, or combination of banks is to be formed and revived, with the difficulties in the way, it remains to determine, what will be the true character and nature of the combination when formed.

The Senator from Virginia (Mr. Rives) was right in supposing that this new trial of the experiment would be made under very different circumstances from the first, and would have a different termination.

The former failed not so much in consequence of the adverse circumstances of the times, or an essential defect in the system, as from the want of a head—a common sentiment, to think,—to will,—and decide,—for the whole, which was indispensably necessary to ensure concert and give unity of design and execution.

Nor would its fate be less dissimilar. Anarchy was inscribed on the first from the beginning. Its deficiency in the great and essential element, to ensure concert, was radical and could not be remedied.

It is not a little surprising, that the Senator from Virginia (Mr. Rives) would watch, jealousy could detect, as he supposed, the embryo of a Government bank in the bill, should overlook this regular incorporation of one by his own substitute.

slender materials of Treasury warrants and drafts to pay public creditors, nor transfer funds from place to place, as the public service might require, and four principal receivers to keep the public money, he has conjured up, with the aid of a vivid imagination, a future Government bank, which he told us, with the utmost confidence, would rise like a cloud, at first as big as a hand, but which would soon darken all the horizon.

But the danger which an excited imagination anticipates hereafter from the bill would exist in sober reality under the substitute. There it would require neither fancy nor conjecture to create one. It would exist with all its faculties and endowments complete; discount, deposit, and all—with which immense means, guided by a central and directing head, and blended and united with the Government, so as to form one great mass of power.

So far from being true, the very fact of the separation of the banks, provided for in the bill, would, of itself, be the most decisive blow that could be given against Government patronage; and the union of the two, the most decisive in its favor.

All this is reversed, when separated. The higher the taxation and disbursements, and the larger the surplus, the less would be their profits and their interests in that case, would throw them with the people, and against the Government.

The effects on the politics of the country would be great and salutary. The weight of the banks would be taken from the side of the tax consumers, where it has been from the commencement of the Government, and placed on the side of the tax payers.

the consumers, as it has, it must be attributed to its alliance with the banks, whose influence has been, in consequence, at all times steadily and powerfully on that side.

But admit for a moment, that neither the separation nor the connection would have any sensible effect to increase or diminish the revenue; and that it would be of the same amount, whether the bill or substitute should be adopted; yet, even on that supposition, the patronage of the latter would be an hundred fold greater than the former.

The bill provides, as has been stated, for four principal receivers, eight or ten clerks, and a suitable number of agents to act as inspectors, making in all about thirty persons.

As to the relative influence of the officers and the selected banks over the community, every impartial man must acknowledge, that the preponderance would be greater on the side of the latter.

It only remains now to compare the extent of the control that may be exercised by the Government over two, in order to complete the comparison; and here again the preponderance will be found to be strikingly on the same side.

countless millions held under the provisions of the substitute at the pleasure of the Government.

Having now finished the comparison as to the relative patronage of the two measures, I shall next compare them as fiscal agents of the Government; and here let me say, at the outset, that the discussion has corrected an error, which I once entertained.

As to the relative expense of the two agencies, that of the bill, as small as it is, if we are to judge by appearances, is the greatest; but by facts, the substitute would be much the most so, provided we charge it with all the advantages, which the banks would derive from their connexion with the Government, as ought in fairness to be done.

In a single particular the banks have the advantage as fiscal agents. They would be the more convenient. To this they are entitled, and I wish to withhold from them no credit, which they may justly claim.

The Senator from Virginia (Mr. Rives) appeared to have great apprehension, that the collection of the public dues in specie might lead to hoarding. He may dismiss his fears on that head.

I come now to the comparison of the effects of the two measures on the currency of the country. In this respect, the Senator from Virginia (Mr. Rives) seemed to think, that his substitute would have a great superiority over the bill; but his reasons were to me wholly unsatisfactory.

It has been in question, but twice (each for but a few years) since the commencement of the Government; and it has so happened, that the only two explosions of the currency occurred during those periods.

But what the substitute would fail to do, the bill would effectually remedy. None doubt, but the separation from the banks would greatly increase the proportion of specie to paper, but the Senator from Virginia (Mr. Rives) apprehends, that its operation would be too powerful, so much so, in fact, as to destroy the banks. His argu-

ment is, that specie would be always, at a premium, and that it would be impossible for the banks to do business, so long as that was the case.

In this connection, the Senator urged an objection against the bill, which I regard as wholly groundless. He said that the payment of the dues of the Government in specie would create a doubled demand; a domestic, as well as a foreign; the effect of which would be to increase greatly, its fluctuations, and so deeply was he impressed with the idea, that he drew a vivid picture of its alternate flow from the coast to the interior, and from North to South, and back again.

But the superiority of the bill over the substitute would not be limited only to a more favorable proportion between specie and paper. It would have another important advantage that cannot be well over-estimated; it would make a practical distinction between currency and circulation.

With a few remarks on the comparative effects of the two measures on the industry and business of the country, I shall conclude their comparison.

What has been said on their relative effects on the currency, far to decide the question of their relative effects on business and industry.

I hold, that specie and paper have each their proper sphere, the latter for large and distant transactions, and the former for all others; and that the nearer our circulation approaches gold and silver, consistently with convenience, the better for the industry and the business of the country.

to manufactures in lieu of a protective tariff. Its effects would be to enable them to meet foreign competition, not by raising prices by high duties, but by enabling them to sell as cheap as the foreigner, which would harmonize every interest, and place our manufactures on the most solid basis.

I have already stated that the community is estimated to have been indebted to the banks \$475,000,000 at the suspension of specie payments. The interest on this sum, estimated at six per cent. (it ought to be higher, would give an annual income to those institutions of upwards of thirty millions; and this is the sum yearly paid by the community for bank accommodations, to the excess of which we owe our bloated and unstable circulation.

If we account for our some debts, we owe almost all our improvements, and prosperity to the banking system; and if it should fail, the age of barbarism would again return.

Every one feels as if, when improving riches, as prices rise, and that he has in his power, by foresight and exertion, to make his fortune. But it is the nature of stimulus, moral as well as physical, to excite at first, and to depress afterwards.

I have, Mr. President, finished what I intended to say. I have long anticipated the present crisis, but did not expect its arrival in my time.

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