

SUPPLEMENT TO THE CARLISLE HERALD AND EXPOSITOR.

CARLISLE:
TUESDAY APRIL 24, 1838.

SECOND SPEECH OF MR. WEBSTER ON THE SUB-TREASURY BILL.

DELIVERED IN THE SENATE OF THE UNITED STATES, MARCH 12, 1838.

Mr. President—Having at an early stage of the debate expressed, in a general manner, my opposition to this bill, I must find an apology for again addressing the Senate, in the acknowledgment of its importance, the novelty of its character, and the division of opinion respecting it which is known to exist in both Houses of Congress.

To be able in this state of things, to give a preponderance to that side of the question which I embrace, is, perhaps more than I ought to hope, but I do not feel that I have done all which my duty demands, until I make another effort.

The functions of this Government which, in time of peace, most materially affect the happiness of the people, are those which respect commerce and revenue. The bill before us touches both these great interests. It proposes to act directly on the revenue and expenditure of Government, and it is expected to act, also, indirectly, on commerce and currency, while its friends and supporters altogether disdain from other measures, deemed by a great portion of Congress and of the country, to be indispensably demanded by the present exigency.

We have arrived, Mr. President, towards the close of a long and eventful career. We have seen our population increase from three of four millions to thirteen or fourteen millions; our commerce, from little or nothing to an export of a hundred and ninety millions, and an import of a hundred and twenty-eight and a half millions, in the year 1836. Our mercantile tonnage approaches near to two millions; our manufactures, and an expenditure of thirty millions a year. The material progress of the country, and the commencement of the derangement of the currency, were in a prosperous and growing state. The produce of the fisheries has become vast; and the general production of the labor and capital of the country is increasing, far beyond all example in other countries or other times, and has already reached an amount which those who have not investigated the subject, would seem incredulous to believe.

The commerce of the United States, sir, is spread over the globe. It pursues its objects in all seas, and finds its way into every port which the laws of trade do not shut against its approaches. With all the disadvantages of more costly materials, and of higher wages, and often in despite of unequal and unfavorable commercial regulations of other States, the enterprise, vigor, and economy which distinguish our navigation, interests, enable us to show our flag in the most favored and the most distant quarters of the world. In the mean time, internal activity does not lag or falter. New and useful modes of intercourse and facilities of transportation are established, or are in progress, every where. Public works are projected and pushed forward, in a spirit which grasps at high and vast objects, with a bold defiance of all expense. The aggregate of capital exists, although a debt has already been contracted in Europe, for sums advanced to States, corporations, and individuals, for purposes connected with internal improvement, which debt cannot now be less than a hundred millions of dollars. Spreading over a great variety of products, we find an intensely excited spirit of industry and enterprise to pervade the whole country; while, in the external commerce, we are connected with all commercial countries, and most of all, with that which has established and sustained the most stupendous system of commerce and manufactures, and which collects and disburses an incredible amount of annual revenue; and which uses, to this end, and as means of currency and circulation, a mixed mode of metal and paper.

Such a mixed system, sir, has also prevailed with us, from the beginning. Gold and silver, and convertible bank paper, have always constituted our actual money. The people are used to this system. It has hitherto commanded their confidence, and fulfilled their expectations. We have had, in succession, two national banks, each for a period of twenty years. Local or State Banks have, at the same time, been in operation; and no man of intelligence or candor can deny that, during these forty years, and under the operation of a national and these State banks, the currency of the country, upon the whole, has been safe, cheap, convenient and satisfactory. When the Government was established, it found convertible bank paper, issued by State Banks, already in circulation, and with this circulation it did not interfere. The United States, indeed, had themselves established a bank, under the old Confederation, with authority to issue paper. A system, which, in the United States, is exactly that system which is in existence. There is not the slightest evidence of any intention, in establishing the constitution, to overthrow or abolish this system, although it certainly was the object of the constitution to abolish bills of credit, and all paper intended for circulation, issued upon the faith of the States alone. Inasmuch as what, in the nature of money, and as it was not possible to have uniformity, general credit, and general confidence could result from local and separate acts of the States, there is evidence, I think abundant evidence—that it was the intention of the framers of the constitution to give to Congress a controlling power over the whole subject, to the end that there would be, for the whole country, a currency of a uniform value. Congress has fulfilled the corresponding duty, it has maintained, for forty years out of forty-nine, a national institution, proceeding from its power, and responsible to the General Government. With intervals of derangement, brought about by war and other occurrences, this whole system, taken altogether, has been greatly successful in its actual operation. We have found occasion to create no difference between Government and people—in the general use of money for the general use of the country. Until the commencement of the last session, Government had manifested no disposition to look out for itself exclusively. What was good enough for the people, was good enough for Government. No condescending and gracious preference had, before that period, ever been tendered to members of Congress, over other persons having claims upon the public funds. Such a singular spectacle had never been exhibited, as an honorable distinction, never been extended, understanding, between the State and national taxes on the people, for the purpose of replenishing the Treasury; and those who, from the Treasury, dispense the money back among those who have claims on it. In that respect, I think the Secretary stands alone. He is the first, so far as I know, in our long list of able heads of Departments, who has thought it a delicate and honorable duty, in financial administration, to be particularly kind and complaisant to the interest of the law-

makers—those who hold the tax-laying power; the first whose great deference and cordial regard for members of Congress, have led him to provide, for them, as the medium of payment, and receipt, something more valuable than is provided, at the same time, for the army, the navy, the judges, the revolutionary pensioners, and the various classes of laborers in the pay of the Government.

Through our whole history, sir, we have found a convertible paper currency, under proper control, highly useful, by its pliability to circumstances, and by its capacity of enlarging, in a reasonable degree, to meet the demands of a new and expanding community. As I have already said, sir, we have a permanent debt of a hundred millions abroad, and in the present abundance of money in England, and the state of demand here, this amount will probably be increased. But it must be evident to every one, that, so long as, by a safe use of paper, we give some reasonable expansion to our circulation, or at least do not unreasonably contract it, we do, to that extent, expediently maintain an ability for loans among ourselves, and so far diminish the amount of annual interest paid abroad.

But let me now, Mr. President, ask the attention of the Senate to another subject, upon which, indeed, much has already been said; I mean that which is usually called the credit system. Sir, what is that system? Why is it created? Of so much solid importance, and of so powerful a charm, in the United States, why is it that a shock has been felt through all classes and all interests, the first moment that this credit has been disturbed? Does its importance belong, equally, to all commercial States? Or are there peculiarities in our condition, our habits, and modes of business, which make credit more indispensable, and mingle it more naturally, more intimately, with the life blood of our system?

A full and philosophical answer to these inquiries, Mr. President, would demand that I should set forth both the good and bad, and the good and bad, of the credit system. It would show the wealth and prosperity of the country, as well as its political institutions, and its popular constitutions. Undoubtedly there are peculiarities in that system, resulting from the nature of our political institutions, from our elementary laws, and from the general character of the people. These peculiarities most unquestionably give to credit, or to those means and those arrangements, by whatever names we call them, which are calculated to keep the whole, or by far the greater part, of the capital of the country in a state of constant activity, a degree of importance far exceeding what is experienced elsewhere.

In the old countries of Europe, there is a clear and well-defined line, between capital and labor; a line which strikes through society with a horizontal sweep, leaving on one side wealth, in masses, held by a few hands, and on the other, the thronging multitudes of labor, with here and there only, an instance of such accumulation of earnings, as to deserve the name of capital. This distinction, indeed, is not universal and absolute in any of the States of Europe, and it grows less and less definite as commerce advances; the effect of commerce and manufactures, as all history shows, being, everywhere, to diffuse wealth, and not to aid its accumulation in few hands. But, sir, the line is greatly more blurred, marked, and visible in England, than in the United States. In these nations, the gains of capital, and wages, or the earnings of labor, are not only distinct in idea, as elements of the science of political economy, but, to a great degree, also, distinct in fact; and their respective claims, and merits, and modes of relative adjustment, become subjects of discussion and of public regulation. Now, sir, every body may see that this is a state of things, which does not exist at all in the United States, and which, in fact, is a contradiction between capital and labor, and the general happiness of all classes results from this. With us, labor is every day augmenting its means by its own industry; not in all cases, indeed, but in very many; its savings of yesterday, become its capital, therefore, of to-day. On the other hand, vastly the greater portion of the property of the country exists in such small quantities that its holders cannot dispense altogether with its services, such as, in some instances, capital is used to fill it uses to what may be called an affluence; it is usually dissipated and broken into particles again, in one or two generations. The abolition of the rights of primogeniture; the descent of property of every sort to females as well as males; the cheap and easy means by which property is transferred and conveyed; the high price of labor; the low price of land; the genius of our institutions; in fine, every thing belonging to us, conspires to argue, to us, that this is our actual system. Our constitution, our constitution, our elementary laws, our habits, all centre in this point, or tend to this result. From where I now stand, to the extremity of the northeast, vastly the greatest part of the property of the country is in the hands and ownership of those whose personal industry is employed in some form of productive commerce. General competence, general education, enterprise, activity and industry, such as never before pervaded any society, are the characteristics which distinguish the people who live, and move, and act in this state of things, such as I have described it.

Now, sir, if this view be true, as I think it is, all must perceive that, in the United States, capital cannot say to labor and industry, "Stand ye yonder, while I come up hither," but labor and industry lay hold on capital, break it into parcels, use it, diffuse it widely, and, instead of leaving it to repose in its own inertness, compel it to act as their own stimulus and their own instrument.

In my opinion, sir, credit is essential to the great export of the South, as to any other Inter-est. The agriculture of the cotton and sugar-producing States partakes, in no inconsiderable degree, of the nature of commerce. The product and sale of one great staple only, is an operation essentially different from ordinary farming pursuits. The exports of the South, in fact, may be considered as the aggregate result of various forms and modes of industry, carried on by various hands, and in various places, rather than as the mere product of the plantation. That product is local, but its indispensable aids and means are drawn from every part of the Union. What, sir, that enables Southern labor to apply itself so exclusively to the cultivation of these great articles for export? Certainly, it is so applied, because its necessities for provision and clothing are supplied by other quarters of the South, and not to consume, and with the proceeds of the sale it supplies itself with whatever it may require for its own consumption. There are, exceptions, but this is the general truth: The hat-makers, shoe-makers, furniture-makers, and carriage-makers of the North, the spinners at Lowell, and the weavers at Philadelphia, are all contributors to the general product both of cotton and sugar for export abroad; as are the farmers and all who produce and vend provisions in Indiana, Ohio and Illinois. The Northern ship-owner, and the mariner, who carry these products to market, are agents acting to the same end, and so are they too, who, little thinking of cotton fields, or sugar estates, are pursuing their adventurous employment in the whale fisheries, over the whole surface, and among all the islands of the Pacific and the Indian oceans. If we take the annual cotton crop, that amounts to forty-five millions, expended, either for interest on capital advanced, or for expense of clothing and supporting labor, or in the charges which belong to the household, the education of families, and to the domestic expenditure of the proprietor.

Thus, sir, all the laborious classes are, in truth, cotton-growers and sugar makers. Each, in its own way, and to the extent of its own production, contributes to swell the magnitude of that enormous export, which was nothing at the commencement of this Government, and which now has run up to so many millions. Through all these operations the stream of credit has constantly flowed, and there is no one of them that will not be checked and interrupted, embarrassed and thwarted, if this stream be now dried up. This connexion of the various interests of the country with one another, forms an important and interesting part of the national character of the Union. The variety of production, and mutual wants mutually supplied, constitute a strong bond between different States, and long may that bond last, growing with their growth, and strengthening with their strength.

But, Mr. President, that portion of our production which takes the form of export, becomes distinct and visible; its prominent and striking, and is seen and felt by every body. The commercial intelligence speaks of it. We prize it with admiration, and the world is no less admiring than ourselves.

With other branches of industry the case is quite different. The products of these branches, being put in the train of domestic exchanges, and consumed in the country, do not get into statistical tables, are not collected in masses, and are seldom presented, in the aggregate, to the public view. They are every where, in a few little streams, meandering through all the fields of business and of life, and refreshing and fertilizing the whole.

Few of us, Mr. President, are aware of what would be the amount of the general production of the country, if it could be accurately ascertained. The Legislature of Massachusetts, under the recommendation of the intelligent Chief Magistrate of that State, has caused to be prepared and published a report on the condition and products of certain branches of its industry, for the year ending in April, 1837. The returns of the authorities of each city and town were made, apparently, with much care; and the whole has been collated by the Secretary of State, and the result distinctly stated in well arranged statistical tables. From a summary of the statements in these tables, I will take the liberty of selecting a few articles, and of stating the annual product of labor and industry in that State.

And to begin with a very necessary and important article: I find, that of boots and shoes, the value of the whole amount manufactured within the year exceeds fourteen millions and a half dollars. If the amount of other articles of the same class, or material, be added, viz: leather, saddles, trunks, harness, &c., the total will not far from eighteen millions and a half of dollars.

These, sir, are samples. The grand total is ninety-one million seven hundred thousand dollars. From this, however, deductions are to be made for the cost of the raw material, and for the various different heads. But, then, the whole quantity is confined to some branches of industry only; and to present an entire and comprehensive view, there should be added the gains of commerce within the year, the earnings of navigation, and almost the whole agricultural product of the State.

The result of all, if it could be collated and exhibited together, would show that the annual product of Massachusetts exceeds one hundred millions of dollars. Now, sir, Massachusetts is a small State, in extent of territory. You may mark out her dimensions seven or eight times on the map of Virginia. Yet her population is seven hundred thousand souls; and the annual result of her laborious industry, economy, and labor, is as I have stated.

Mr. President, in looking over this result, it is most gratifying to find, that the great mass of our articles, and the great mass of our industry, are not in the hands of a few, but are distributed equally, and are used for the necessities and comforts, they belong to food and clothing, to household conveniences, and education. As they are more and more multiplied, the great majority of society becomes more elevated, better instructed, and happier in all respects. I have looked through the whole list, sir, to find what there is in it that might be fairly called among the higher orders of life and what is not. In the whole of our industry, I find but one such item; and that is an item of taste or three hundred thousand dollars for jewellery, silver, and silver-plate. This is all that belongs to luxury, in her annual product of a hundred millions; and of this, no doubt, the far greater portion was sent abroad. And yet we hear daily, sir, of the amazing aristocratic wealth, by the progress of manufac-

tures, and the operations of the credit system! Aristocracy, it is said, is stealing upon us, and in the form of aggregate wealth, is watching to seize political power from the hands of the people. We have been more than once gravely admonished that, in order to improve the times, and restore a metallic currency for the benefit of the poor, the rich ought to melt down their plate! Whatever such a melting process, might lead to act upon elsewhere, Mr. President, I assure you that in Massachusetts it would discover little. A few spoons, candlesticks, and other similar articles, some old family pitchers and tankards, and the silver porringers of our ancestors, would be about the whole.

Sir, if there be any aristocrats in Massachusetts, they are all aristocrats, because they do not desire there is one earth, a highly civilized society, a greater equality in the condition of men, than exists elsewhere. If there be a man in the State, who maintains what is called an equipage, or drives four horses in his coach, I am acquainted with him. On the other hand, there are few, who are not able to carry their wives and daughters to church in some decent convenance. It is no matter of regret or surprise to us that few are very rich, but to be proud and vain, that few are very poor, that our state is full of pride, and our just boast, as I think, that all her citizens possess means of intelligence and education; and that of all her productions, she reckons, among the very chiefest, those which spring from the culture of the mind and the heart.

Mr. President, one of the most striking characteristics of this age, is the extraordinary progress which it has witnessed in popular knowledge. The science and power of the human mind, in the social system of late, producing this effect in a striking degree.

In morals, in politics, in art, in literature, there is a vast accession to the number of readers, and to the number of proficient. The present state of popular knowledge is not the result of a slow and uniform progress, proceeding through a lapse of years, with the same regular degree of motion. It is evidently the result of some new causes, brought into powerful action, and producing their consequences rapidly and strikingly. What, sir, are these causes?

This is not an occasion, sir, for discussing such a question at length—allow me to say, however, that the improved state of popular knowledge is but the necessary result of the improved condition of the great mass of the people. Knowledge is not one of our merely physical wants. Life may be sustained without it. But, sir, in order to live, men must be fed, and clothed, and sheltered, and in a state of things in which one's whole labor can do no more than procure clothes, food and shelter, he can have no time for means for mental improvement. Knowledge, therefore, is not attained, and cannot be attained, till there is some degree of respite from daily manual toil, and never-ending drudgery. But whenever a less degree of labor will produce the absolute necessities of life, then there comes leisure and means, both to teach and to learn.

It is in this great and wonderful extension of popular knowledge, be the result of an improved condition, it may, in the next place, well be asked, what are the causes which have thus suddenly produced that great improvement? How is it that the means of food, clothing, and shelter, are now so much more cheaply and abundantly procured than formerly? Sir, the main cause I take to be the progress of scientific art, and the application of its principles to the arts of life, which has so much more multiplied the means of subsistence, and has made them everywhere visible, and especially among us. Man has found new allies and auxiliaries in the powers of nature, and in the inventions of mechanism.

The general doctrine of political economy, that wealth consists in whatever is useful or convenient to man, and that labor is the producing cause of all this wealth. This is very true. But, then, what is labor? In the sense of political economy, labor, in a philosophical view, it may receive a much more comprehensive meaning. It is not, in that view, human toil only; the mere action of the muscles; but it is any active agency which, working upon the materials with which the world is supplied, brings forth products useful or convenient to man. The materials of wealth are in the earth, in the sea, and in their natural and unaided production, and in the hands of man. Now, the object of scientific art, or of the application of science to art, to increase by its agency, to augment its power, by creating millions of laborers in the form of automatic machines, all to be diligently employed, and kept at work by the force of natural powers. To this end these natural powers, principally those of steam and falling water, are subsidized and taken into human employment. Springs, water-chines, power-looms, and all the mechanical devices, now being used, are the result of these operations, in the same way as if Providence had provided for their service millions of beings, like ourselves in external appearance, able to labor and to toil, and yet requiring little or nothing for their own consumption or subsistence, or rather, as if Providence had created a race of giants, each of whom, demanding no more for his support and consumption than a common laborer would yet be able to perform the work of a hundred men.

Now, sir, turn a look back to the Massachusetts tables of production, and you will see that it is these automatic allies and to operators, and these powers of nature, thus employed, and placed under human direction, which have come, with such prodigious effect, to man's aid in the great business of procuring the means of living, of comfort, and of wealth, and which have so swollen the product of her skillful industry. Look at these tables once more, sir, and you will see the effects of labor, and of the aid of science to capital. Look yet again, and you will see that credit, mutual trust, prompt and punctual dealings, and commercial confidence, are all mixed up, as indispensable elements in the general system.

I will ask you to look yet once more, sir, and you will perceive that general competence, great equality in human condition, a degree of abundance of food, moral sentiments, and extraordinary general prosperity, is the result of the whole. Sir, I have done with Massachusetts. Do not praise the old Bay State of the Revolution. Only present her, as she is.

Mr. President, such is the state of things actually existing in the country; and of which I have now given you a sample. And yet there are persons who constantly clamor against the

state of things. They call it aristocracy. They beseech the poor to make war upon the rich, while, in truth, they know not who are rich, rich or poor. They complain of oppressive speculation and the pernicious influence of accumulated wealth. They cry out loudly against all banks and corporations, and all the means by which small capitals become united, in order to produce important and beneficial results. They cry on a mad hostility against all established institutions. They would choke up the fountain of industry, and dry all its streams.

In a country of unbounded liberty, they clamor against oppression. In a country of perfect equality, they would move Heaven and earth against privilege and monopoly. In a country whose property is more equally divided than anywhere else, they cry out for the leveling of agrarian doctrines. In a country where the wages of labor are high beyond a parallel, and where lands are cheap, and the means of living low, they would teach the laborer that he is but an oppressed slave. Sir, what can such men want? What do they mean? They can want nothing, but to enjoy the fruits of wealth, and to monopolize the means of production, and to disturb the diffusion of moral sentiments, and the destruction of the moral sentiments and moral habits of society. A licentiousness of feeling and of action is sometimes produced by prosperity itself. Men cannot always resist the temptation to which they are exposed by the very abundance of the bounties of Providence, and the very happiness of their own condition. As the steady and virtuous man, who has no other object than his own improvement, breaks away from his confinement, and, feeling now free from needless restraint, betakes himself to the moors and barrens, where, weary, ere long, brings him to his senses, and starvation and death close his career.

Having said so much, sir, on the general condition of the country, and explained what I understand by credit, I proceed to consider the present actual state of the currency.

The most recent Treasury estimate, which I have seen, and which includes there are estimated millions of metallic money now in the country. This I believe, to be a good deal too high; I cannot believe it exceeds sixty, at most, and supposing one half this sum to be in the banks, thirty millions are in circulation, or in private hands. We have seven hundred banks and branches, with capitals assigned for the security of their notes and bills, amounting to two hundred and eighty millions. The amount of bank notes actually in circulation is supposed to be one hundred millions; so that our whole circulation is about one hundred and thirty millions. The amount of debts due to the banks, or the amount of their loans, and discounts, may be taken at four hundred and fifty millions.

Now, sir, this very short statement exhibits at once a general outline of our existing system of currency and credit. We see a great amount of money or property in banks, as their assignees, and appropriate capital, and we see a great amount due to these banks. These bank debts generally belong to the classes of active business, or are such as have taken up credits for purposes of investment in lands or merchandise, looking to future proceeds as the means of repayment. If we compare this state of circulation, of bank capital and bank debt, with the same things in England, important differences will not fail to strike us.

The whole paper circulation of England, by the latest accounts, is twenty-eight millions sterling—made up of eighteen millions of Bank of England notes, and ten millions of the notes of private bankers, and joint-stock companies, but in the bank; nine and a half millions, due to the Bank of England, twenty-two and a half millions. The amount of loans and discounts by private bankers and joint stock companies is not usually stated, I believe, in the public accounts. If it bear the same proportion to their notes in circulation, as in the case of the Bank of England, it would exceed twelve millions. We may, therefore, take the amount of bank debt in England to be thirty-five millions. But I suppose that, of the securities held by the Bank of England, exchequer notes constitute a large part; in other words, that a large part of the bank debt is due by Government. The amount of coin in actual circulation is estimated to be thirty and a half millions sterling, and this sum, too, includes the amount of exchequer bills, or Government debt in the form of such bills, which the bank holds. These facts are very material to any just comparison of the state of things in the two countries. The whole, or nearly the whole capital of the Bank of England is lent to Government, not by means of exchequer notes, but on a permanent loan. And as to the private banks and joint-stock companies, though they issue bills for circulation, they have no assigned or appropriated capital whatever. The bills circulate on the private credit of the individual banker, or of those who compose the joint-stock companies. In the United States an amount of capital, supposed to be sufficient to sustain the credit of the paper and secure the public against loss, is provided by law, in the act of incorporation for each bank, and is assigned as a trust fund for the payment of the liabilities of the bank. And if this capital be fairly and substantially advanced, it is a proper security; and, in most cases, it is a very good security. The directors are trustees of this fund against all liable, both civilly and criminally, for mismanagement, embezzlement, or breach of trust.

This amount of capital, thus secured, is the basis of loans and discounts; and this is the reason why permanent, or at least long loans, are not considered so improper, state to banking operations, with us, as they are in England. With us, it is evident, that the directors are agents, holding a fund intended to be loaned, and acting between lender and borrower, and this form of loan has been found, exceedingly convenient to the public, and to the country.

In some States, it is greatly preferred to mortgages, though there are others in which mortgages are usual. Whether exactly conformable to the true notion of banking, or not, the truth is, that the object and operation of our banks is to loan money; and this is mostly on personal security. The system, no doubt, is liable to abuses, in particular instances. There may be directors who will not be truly faithful to their duty, and their friends; Gross cases of this kind have recently been detected and exposed, and I hope will be suitably treated; but, considering the great number of banks, these instances, I think, are remarkably few. In general, the banks have been well conducted, and are believed to be solvent and safe.

We have heard much, sir, in the course of the debate, of excess in the issue of bank notes or circulation. I have no doubt, sir, that there was a very improper expansion some years ago, when President Jackson, in 1832, had rejected the bill for continuing the Bank of the United States, (which act I esteem as the true original cause of all the disorders of the currency); an addition was immediately made to the number of State Banks. In 1833, the public deposits were actually removed from the Bank of the United States, and placed in selected State banks. And, for the purpose of showing how their habit would be the public be accommodated