BY A.S. JOHNSTON.

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SPEECH

Of MR. KING, of Georgia, on the Bill imposing additional duties, as depositaries, in certain cases, on Public Officers. IN SENATE.

SEPTEMBER 23, 1837.

After some strong and pungent remarks upon the failure of the Pet Bank system though he admitted that it might have done, and still could do, much better than heretofore, if the Executive would consent to let it alone, and cease the continual interferences by which the banks have been tormented, and the commerce of the country deranged, ever since the Execctive had taken the control of the finances. Mr. K. then proceeded to notice the plan

of the committee as proposed to be amended. This he looked upon as a new experiment, though it had been alleged to be otherwise by the Senator from Missouri. The Senator insisted that we were ahead of our destiny, and ought to go back to the glorious days of the Roman empire to learn lessons on finance and political economy. This plan was strongly recommended as having been that under which the Roman quæstors made their mild exactions from the people. It was also recommended most warmly by the Senator, because it was that under which the war levies of Napoleon were made, and the finances of Spain and Turkey collected and disbursed .-Upon the first recommendation, the Senator had given us a most eloquent discourse upon Roman heroism; bloody battles, and the levies of the quæstors. He had spoken of the great pleasure with which he read Roman history on these subjects, and the delight with which he contemplated the renown of this great people. Well: Mr. K. said he had read some Roman history too, though certainly not as good an historian as his friend from Missouri. But if any thing in Roman history had made a strong impression upon his republican mind, it was the heartless cruelty, the unfeeling rigor, and tyranny with which exactions were made upon the people by the Roman quæstors; and unfortunately for the Senator's Roman precedent, when these exactions had been made by plundering the Roman people and provinces to support heroism in the trade of conquering and plundering the rest of mankind, these exactions were deposited with Roman bankers appointed for the pur-

As the Roman precedent was not found exactly satisfactory to Mr. R. he proceeded to notice the system so warmly recommended as the plan of that great democrat and ardent lover of liberty and free institutions, the Emperor Napoleon. His friend from Missouri had stated that when the Emperor mounted the throne of power, he found the State Coffers empty, or nearly so; but in a short time they were filled to overflowing. Thereupon the Senator produced a book, or a document, to prove the important fact. The fact was not doubted; but how were these wonders of finance accomplished? Let his impoverished country and the blood and tears of unhappy Germany answer the question. However, perhaps the financiering of this great economist was strongly recommended from the fact that the largest and most timely accession to his finances was made by the robbery of the bank; and that too a bank belonging to one of the freest and most commercial cities of

Mr. K. said he saw nothing in these Imperial precedents, ancient or modern, very applicable or very captivating; and as he saw nothing in the happy and prosperous condition of the People of these free and commercial nations, Turkey and Spain, to excite his envy, he would rather consider this as a new and untried experiment, and digest it a little better before it was adopted. Mr. K. added, that the system was already in operation, as the changes proposed did not alter essentially the specie system adopted by the Executive since the suspension of specie payments. The postponement would give us a little more time to observe the workings of the system, and ascertain the wishes of the People. He was glad to see the finances restored to Congress, their lawful guardian; on almost any terms; but really they were in such a worthless and ragged condition, from Executive manipulation, that it was difficult to say what disposition had better be made of

Mr. K. said he doubted whether he ought to detain the Senate to say any thing upon the causes of the present distress, which had called Congress together. As this subject had been dwelt upon however, by every speaker who had preceded him, and was certainly of great importance to the country, it was perhaps the duty of every member te give his views upon the subject, The subject, said he, is too important to the trifled with. It comes to the doors and dwellings, and reaches the bread and business, of every citizen, of every condition; and I shall give my views, however unwillingly, uninfluenced by all personal friendship and party associations. Unless we ascertain the causes which have so strangely brought the country into its present distressed condition, in a time of profound peace, we shall neither know how to apply present rem-

edies nor avoid similar evils in future. doubt that our difficulties were owing entirely to the unfortunate policy and violent mea-

Mr. K. said he could prove this to any one who would not shut his eyes to facts, and close his understanding against correct information on the subject. He had felt and expressed his astonishment when he first read the President in relation to these causes; and United States." he had been equally astonished at hearing his friends from Connecticut and North Carolina (prepared from official statements:) adopt these statements, and take them as ad- Circulation of the Bank of England, joint stock, and mited truths. The President was entirely mistaken in these statements, and to allow them to remain uncorrected would only continue to obscure and mystify the subject.

Mr. K. then read a passage from the Pre-

ident's Message.

Now, that over-banking, over-issuing, &c. as mentioned by the President, have been operating causes, is only a common belief .-But where did they originate, and who produced them? That is the first question. And here Mr. K. stated that the President was mistaken in every fact assumed by him to exculpate our own Government from the charge of being the original cause of the mischief. Other countries have been suffering no "evils similar to those suffered by ourselves," except those which they have suffered by their connexions with and losses by us. And "a reference to the amount of banking capital, and the issues of paper credits, put in circulation in Great Britain, &c., during the years 1834, 1835, and 1836." will not "show an augmentation of the paper currency there, as much disproportioned to the real wants of trade as in the United States." Nor has there been in England any general rise of prices; nor do we witness "in both money, and other facilities of credit," or 'the same spirit of speculation." These positions of the President are entirely erroneshadow of existence. He said he did not, of course, make these

man of patriotism and integrity, as well as is the statement: intelligence, and he hoped to be able to support his Administration. But if he was (as vears the state of the banks was this: he was doubtless) a "sincere inquirer after truth," he would be glad to be corrected in views calculated to deceive the People, and divert their minds from the true agency by which they have been overwhelmed .-The President's "difference," in fact, ought to have shown him where the fault lay.-He states that one nation has become bankrupt. The other sustained itself, and is now nearly recovered. Why this "difference?" Why, simply because ours is the distress of the DEBTOR unable to pay the debt; THEIRS is the distress of the CREDITOR for want of the money due him. The creditor of a bank- in 1834 and 1836, respectively, we find an rupt is frequently much injured for want of augmentation of the entire currency of nearhis money, but it does not necessarily follow ly 94 per cent., and an augmentation of that he also fails. And in no case is he paper circulation of nearly 96 per cent.chargeable with the follies and extravagancies that brought about the disaster. He may have been too confiding, but there his fault ends. The injudicious prodigal, with bad advisers, may contract debts, multiply obligations, make experiments, and become embarrassed and bankrupt. The confiding neighbor who trusted him too far may feel sensibly the want of his debt, be obliged to curtail his expenses, or otherwise economize for a while; but, being the creditor, and therefore most likely the richer of the two, he is not so likely to be ruined. [Here Mr. K. read an extract of a letter from a gentleman of Liverpool, stating that "there is no distress in England except that which grows out of American connexions: and that is passing off, though much of the debt remains unpaid."] England, we are told from all quarters, is now easy, and, with an abundance of capital, prepared to make investments, and engage in new enterprizes. Yel a mere check to the lavish accommodations of the capitalist, by the embarrassment of his

his bankrupt debtor himself!! Those, he said, who insisted that the national distress could not have been occasioned by the acts of our own Executive, because there had been some distress in those ommercial nations, with whom we trade, put him in mind of that great philosopher who stumped his toe in the darkness of midnight, and railed out against the sun for not shining in the night instead of the day alleging as the result of his most profound observation, that there was light enough in the day without him. They confounded cause and consequence, and lost all connexion between them. It never occurred to the philosopher that the sun might itself be the see our own agency in producing this embarrassment abroad, though the one agency is just about as plain as the other.

debtor, is analogized with the utmost compla-

cency to the prostrate and helpless condition of

Mr. K. said he would try and remove the difficulty of those who felt so much embarrassment on this subject by proving-

1837; but, on the contrary, the value of money that it has not been redundant is unansweraduring this period had greatly increased, by the increase of national wealth, whilst currency remained about stationary.

2. That there had been in England no national overtrading, and that her exchanges perfect nonsense. Where facts have been had been depreciated by receiving our credit stated and not proved, I have taken issue, in exchange for her cash and commodities.

3. That our extraordinary, but speculative, demand for the products of English labor ly introduce evidence to prove the conjechad created some activity, especially to the tures groundless, by proving the absence of manufacturing interests. Our increased denanufacturing interests. Our increased demand for the products of their labor, coun- The only way in which a redundancy of curteracting our unnatural credit demand for rency or credit depreciates foreign exchange their money also; and, thereby, only main- is by producing speculative rise in prices, taining prices which otherwise (so far from a and a consequent overtrading. England has by an appreciation of money.

granted, without inquiry, that by some magidies nor avoid similar evils in future.

Mr. K. then said he had not the slightest oubt that our difficulties were owing entiretake leave of mere assumptions, stum having completed the proof on the first protures, and be content with the plain evidence of Mr. Gurney, cause, and this was abundantly sufficient.—

He then read the evidence of Mr. Gurney, a man of so much intelligence and authority of their senses, he thought he would maintain every proposition to the tain every pro all who would listen to

the Presidents message, at the Statements of portioned to the wants of trade as in the Mr. Gurney as follows:]

Mr. K. then read the following table,

Bank of Eng. Joint stock. Private. Total.

Jan. 1833, 18,381,000 1,315,000 8,836,000 28,469,000 1834, 18,377,000 1,258,000 8,733,000 28,568,000 1835, 18,100,000 2,188,000 8,231,000 28,519,000 1836, 17,427,000 3,095,000 8,357,000 28,875,000 1837, 17,868,000 3,755,000 7,258,000 28,881,000

The foregoing table is made from the ebruary monthly returns of the Bank of England, and the December to March quarterly returns of the joint stock and private banks, as being the most likely way to approximate to the aggregate for the month of anuary. The original official returns were before him, Mr. King said, and were at the service of any gentleman; and the monthly and tri-monthly variation in the entire circulation was so trifling that it was scarcely worth naming. It would be seen, from the above table, that the entire "augmentation of paper currency" in England during the years 1834, 1835, and 1836, the period mentioned by the President, was only £323,000, or about one third of one per cent. on the currency, estimating the whole currency of England at £200,000,000; and the entire 'augmentation" during 1833 to 1836 inclusive, (commencing one year earlier,) was only £413,000, or not quite one-half of one per countries the same redundancy of paper cent. on the paper circulation. Now let us see whether this increase is "similar to our own," during the same period.

Mr. King then presented a statement which ous, and the facts he supposes have not a he believed to be as accurate as it could be this as a fact, and in England he was enabled, made by a collection and continuation of the in some measure, to account for it, for he returns of local banks up to 1st January, knew that currency had not increased; whilst, contradictions in an offensive sense or in a 1837. It was more likely to be an under way disrespectful to the President. He had than an over estimate, from the great diffibeen in favor of his election, and did not re- culty of finding new banks, and getting He could, therefore, account for the depregret it. He moreover believed him to be a statements of their issues. The following ciation of exchange, and export of gold to

On the 1st of January in the following

Number of banks.	Capital	Loans	Bills in circu- lation	sites.	Liabilities on bills & deposites.
	Millions of Dollars.				
1830 320	145	200	61	53	117
1834 506 1835 558		324 365	95 104	76 83	187

1836 567 252 458 140 1837 677 324 591 186 By the above table it will be seen that when we add the estimated amount of specie Our own entire currency, then, "during the years 1834, 1835, and 1836," has increased nearly 94 per cent., and our paper circulation, during the same period, nearly 96 per cent.; whilst the entire currency of England has increased about one third of one per cent., and her paper circulation, during that period, having fluctuated a mere trifle at any time, and sometimes even contracted, is found at the end of the period mentioned, to have increased only about 11 per cent. He had not given himself the trouble to be very minute in the calculations above, and had used round numbers; but no use of authentic materials could vary the result more than a mere fraction, and strict accuracy would most likely make the comparison more unfavorable to the statement of an equal expansion in the two countries during the period referred to.

Instead of equality, then, we had, for England, an increase in the entire estimated currency of the nation of about one third of one per cent. ;

In the United States, an increase of about

In England, an increase of paper currency of about 11 per cent.;

In the United States, an increase of about

So much (said Mr. King) for an equal expansion of the currency in both countries. As to the "other credits," they were not tangible, but every man of any observation must know that on this item we should suffer in the comparison more than in the other .-Credits were certainly multiplied in England, in some districts, by the increase of the number of joint stock banks, by which new connexions were formed, and the number of checks, drafts, &c. increased. But the increase of joint stock banks (deducting the private banks melted into them) bears no cause of light, and these gentlemen cannot comparison to the increase of banks in this country, as we find from official statements. The consequent increase of credits, though they cannot be ascertained with precision in either country, may be compared by the re-sult. The increase of credit in England has been based on the same national cash capi-1. That there had been no redundancy of tal, as appears by the unchanged quantity of the currency in England between IS34 and the currency, as exhibited by the tables. And bly proven by its having produced no general speculative rise of prices. To speak of a redundancy of currency OR credit, when no speeulative rise in commodities has taken place, is and disproved them by facts fully established. Where facts are conjectured, I will presentneculative rise) would have been depreciated not overtrader; on the contrary, she has exported more than she imported, and left up These propositions, Mr. K. said, would enormously in her debt. But whilst she has

er "a reference to the amount of banking able intelligence on the subject of finance, capital, &c. in Great Britain during the years but is here strangely embarrassed for want 1834, 1835, and 1836, will show an augmenta- of facts, of which he seems entirely igno- ous system adopted in 1834, of importing credit having the same effect on the exchangtion of paper currency there as much dispro- rant. [Here Mr. K. read the evidence of borrowed money to multiply credits upon, we

of Joint Stock Banks. Q. 2529. Has there been any change of late in the state of the London money market?

There has been a gradual increase in the value of money.

Q. 2594. To what do you attribute that altered state of the money market in Lon-

One cause has been the exportation of bullion to foreign countries; but I apprehend the MAIN CAUSE IS, the circulating medium existing in Europe and the mercantile parts of America (!) is not increased in proportion to the transactions, and that the same quantity of circulating medium, or perhaps even a reduced quantity has to perform a much larger amount of transactions.

Q 2595. Would not the effect of it, owing to that to which you have alluded, be rather indicated in a fall in the money prices of commodities?

That is the tendency of it; but there are conflicting causes that have marvellously maintained (not increased) the value of com-

modities generally. Mr. Gurney is a bill broker, who procures

the discount or rediscount of country bills in the London market. He was, therefore, well acquainted with the facts, and the subject on which he speaks, so far as England is concerned; and he tells us "the value of money had gradually increased." And in another part of his evidence he tells us that the increase is about 20 per cent. He knew from the progressive increase of national wealth, commodities and transactions had .-America, on no other supposition than that the currency of the "commercial parts of America" was even more contracted and disproportioned to commodities than in England. But why was the appreciation of money "indicated by a fall in the money prices of comflicting causes referred to by Mr. Gurney? Evidently the "increased activity in the manufacturing districts" by the increased demand for the products of English labor for American consumption. The depreciation of commodities by the appreciation of money was counteracted by an appreciation of commodities by an increased demand for them. Though the ideas of Mr. Gurney seem clear, he seems, for want of facts, to be involved in embarrassment and apparent contradiction.— That the value of money was raised in England by an insufficiency in quantity, was inconsistent with the exportation of gold, unless in America, also, the currency was contracted. And yet a contraction of the currency in America was inconsistent with our increased demand for English manufactures. Had the witness, however, known that, so far from a contraction, our currency had expanded near 100 per cent., and that exchanges were in our favor whilst there was a large balance against us; that we were draining them of their gold in defiance of this heavy debt and redundant currency; his embarrassment would have increased, until he ascertained that we were performing all these commercial miracles under a new system of finance, by which we exchanged our credit for their capital, and, after going in debt for a large commercial balance, borrowed a still greater amount, and thereby turned the exchanges against them by borrowing their own money.

Mr. K. then further sustained his proposition, and strengthened his evidence upon this point by introducing official tables from England of some of the principal articles of raw produce for English manufactures, &c. entered for home consumption, and the official and declared valuation of exports; both embracing the period in question, exeept the official valuation for 1837, which he space of one year ending in the fall of 1836. had not been able to obtain.

By these official tables, Mr. K. said it would clearly appear that the national wealth | cie (beyond that included in the statement and industry had greatly increased, whilst the of imports) which we obtained from them, currency had remained about stationary, as must have been obtained on credit in some previously established. Mr. K. thought he form or other. . A statement made had now fully established that the currency of by Mr. Fayott, of Paris, a man of great re-England had not been equally expanded with search and many opportunities, he believed our own, but on the contrary there had been as much to be relied on as any other. This actually "a gradual increase in the value of

. The second proposition (Mr. K. said) scarcely needed proof from its close connection with the first. He would put the matter at rest, however, by the production of evidence that ought to be satisfactory to all. This evidence was the perfect agreement, on this point, of Mr Holsey Palmer and Mr. Knowles in their controversy concerning the action of the joint-stock banks and the conduct of the Bank of England. Mr. Palmer, in apologizing for the contraction of the bank, and alluding to the causes, &c. says: it is necessary to state these, as they seem in no degree, to have arisen from overtrading or any undue speculative advance in commercial prices." Mr. Knowles, however, is not satisfied with this admission, but wishing the fact established beyond doubt, he asserts the same thing, and refers to the proofs. Mr. Knowles, after proving that the legitimate demand for currency had been increased by the increase of national wealth, says: "A table of prices, had I time to prepare one, would prove beyond question that so far from a rise in prices generally, in many cases there has been a fall even decreasing stock; a fact quite incompatable with an over issue and depreciation of rather astonish those who had taken it for a large balance against us, exchange was the currency. While, again, where a rise in as to supply?

a man of so much intelligence and authority on these subjects as to be called before the joint stock bank committee lately appointed crease of manufacturing stock. It was very in March last. The debt being established, it follows that the state of our foreign exchanges have been false and delusive, and best conceived for that purpose. Whatever might

On the first proposition, let us see wheth- by Parliament. This witness shows remark- fits they derived from the discount of Ameri- having been effected by the use of credit, Mr. Gurney as follows:]

have been willing to take all their cash as well commodities. Mr. K. however, concluded this branch of the subject by adding that it fluctuations were uncertain and unimportant, large portion of it having assumed the form sily accounted for, and principally, if not encurrency or credit, or of a national overtrad- changes. ing, neither of which, as we have seen, had

taken place. Mr. K. said that the latter part of the se-cond proposition, and the whole of the third, seemed to be established by inference from in fact, had suffered only by their the positions already established, and the with us. They had not over-trad proofs already adduced. The only further proof that could be deemed necessary on these points, was to establish the fact that at be located in our own country; and Mr. K. the very time we were importing large sums of specie under under the encouragement of the wise policy of the Executive, as it was called, we were enormously indebted, not only on a commercial balance, but also for mo- frequently spoken of before, as having been ney borrowed in the very face of this com- productive of much mischief, and no coun-

mercial balance against us. foreign debt. It was important to notice this mistake with another view. We would not act in reference to our true situation as debtors, if we believed we owed nothing. The debt in March last at thirty millions of dollars. The President could have had no unworthy object in this under-estimate; but still it is a mistake, and one that should be noticed and corrected. If the estimate of the President were correct, the debt had evidently been paid, and overpaid. He had seen an estimate more than two months ago, which seemed hoped, then, our banks would not begin to presumption that Europe was indebted to us.

this subject. In the first place, he took the commercial balance alone for the year 1836, as reported by the Secretary of the Treasury, at upwards of sixty millions. It seemed, by the report furnished at this session by the Secretary, that he estimated the commercial balance which remained as a foreign debt, at over thirty millions; and perhaps this statement misled the President, who took the Secretary's commercial balance of one year for the entire balance at the period referred to. He thought, however, that the Secretary was mistaken even as to this commercial balance for 1836. He seemed to have deducted thirty millions from the sixty (as Mr. K. supposed. We had it from English accounts, and had too much reason to believe the fact, that There was a great anxiety to recom the principal articles of American exports declined from 30 to 40 per cent. between July, 1836, and April, 1837. He believed, then, we had lost on our exports the full amount of profit, and perhaps more, and that the gross amount of balance might safely be estimated as a foreign debt against us for the year 1836

Mr. K. then proceeded to show the amount of money we had borrowed in Europe in the As Europe owed us nothing on an exchauge of commodities, of course the amount of spestatement was made in the latter part of (if he mistook not) of 1836, and purported to be an estimate of the specie shipped from Eurepe to America during the year preceeding the statement. This statement Mr. K. read,

Statement from Frederick Fayott's essay, published in Paris in 1836, of the amount of specie shipped from Europe to America in one year previous to the date of the es-

England, from documentary evidence, say

Holland, two loans, forming together £2,500,000, one-half 1,250,000 shipped in specie, n France, the indemnity 18,000-

000 fr. and Hottinguer loan 14,000,000 together

£8,624,999

the indemnity, which, if the laws of trade had been allowed a free operation, would have been more profitably drawn for than imhave been more profitably drawn for the combanks. Which, in fact, most needed its operation, ported. Adding the above sum to the commercial balance of 60,000,000, and we had evidence of about 100,000,000 less, only the cal measure had been a few days before propose specie included in imports. In addition to a legislative measure, and, with almost perfect this, it was well known, he said, that we had been issuing credits to a greater or a less extent ever since the commencement of 1834, ing deposite banks in the West and Southwest, wh casioned by our artificial and eredit demand and the entire foreign debt might safely be they should be called on to comply with the deposito for manufactures, attended also with an in-

can securities and credits to supply our credit have been no indication of the true balance demand for money; for under our preposter- of trade on a fair exchange of commodities; es as the exportation of an equal value in any body else for them, if they would only would not be necessary to pay the whole debt let us have them on credit. These partial before exchanges would be equalized; a very and, so far as they did exist, if at all, are ea- of investments, on which we should only have to pay the interest; and, moreover, the natirely, to be attributed to a connexion with ture of the commerce between the two counus. In no view of the subject could they be tries will bear a very considerable foreign used as evidence of a national redundancy of debt against us, without affecting the ex-

Mr. K. said that he hoped he had proven to the satisfaction of the Senate, that the causes of the present distress were not common to other commercial countries, which, in fact, had suffered only by their connection issued, nor had any speculative rise in prices similar to our own. The causes, then, must said he would endeavour to explain when, how, and by what agency they originated here,

He then went back to the removal of the

deposites in 1833-a measure that he had

terbalancing good. He had briefly noticed Mr. K. said, it here again became his unpleasant duty to prove that the President was mistaken in his estimate of the amount of our foreign dala. It was important to notice this true, and each cause had operated in the manner there stated, so far as they had been since developed. He would only now say of it what all admitted—that it produced a pan-President gives the estimate of our foreign ic which greatly depreciated every article of home consumption in the latter part of 1833 and part of 1834, whilst the price of our exports was not affected by the measure in the foreign market. The immediate effect was a rise in our foreign exchanges, and twelve or fourteen millions of specie poured in upon us. This effect was not anticipated by the President, as we could see by an exposition reasonable, and probable in all its details, which estimated the liquidation of our foreign debt since the suspension of specie payments at \$32,000,006. We had been remitting specie, and exchange, and shipping cotton ever since; and he had not the slighest idea that we had paid and liquidated in different ways, since March last, less than forty-five, and parkage fifty millions of dollars; and yet we "tendency," conflicting causes marvellously perhaps fifty millions of dollars: and yet we the currency was already full, if not redunfind the exchanges heavily against us. He dant; and that this specie, thus suddenly forced in upon us by violently striking doy expand, and our people to overtrade, on the the value of home consumption, would displace an equal amount of paper circulating in Mr. K. said no one could pretend to accuracy as to the amount of our foreign debt in March last, but he thought he could satisfy the Senate that if every species of obligation were taken into account, it was much nearer were taken into account, it was much nearer expelled, then specie will fill the vacuum by one hundred and thirty than thirty millions of dollars.

Mr. K. then proceeded to furnish the Senate with such evidence as he had to offer on this subject. In the first place, he took the come the basis of further issues by hanks, the whole continuing to expand, and produce a speculative rise in prices, which, by a reciprocating operation, produced still farther expansions, by a well known law of finance. This, of course, produced speculation at home and heavy importations from abroad, which at last even extended to the necessaries of life. Our people being intoxicated by this delusive prosperity, every species of property was embraced in the wide range of speculation, which are edity marched the public lation, which speedily reached the public lands. Every one seemed to think it much easier to get rich by speculating in land than by cultivating it; and, by large land sales, ed,) for our share of the profits of trade.

Mr. L. though not a cent should be deductan enormous surplus in the Treasury, which was distributed in a great number of hands. State depositories to the people, and resoncile them to the loss of the United States Bank, by proving that institution to be unnecessary, and accordingly they were stimulated to accommodate the community by the use of the public funds. In this way banks were multiplied, speculations were stimulated, and produced that bloated and diseased condition which began to manifest itself in the summer of 1836.

to manifest itself in the summer of 1836.

It may be necessary in this connexion maps particularly to notice the means by which we were enabled to keep up this forcing process, and prevent an earlier reaction by the operation of our foreign debt. This was plain enough, when the facts were known, though it had continued long to pusale the best financiers of Europe. The natural effect of the general speculative rise of prices here, from a redundancy of our currency and credit, was to depreciate our foreign exchanges, and produce a call for the base nee of our foreign debt. Yet we prevented this by sending them bonds, bank shares, State stocks, credits of various descriptions, to a greater amount than we owed them, By these means we raised our own exchanges and depreciated theirs, which drained them of their bullion, (as before intimated,) by means of the credits they extended in us. These speculations at home had produced all out an unlimited demand for money, and we would take all their cash, as well as all their cammodities, and overbid their own capitalists to get them, provided we could make the operation on credit. Thus we continued inverting the laws of trade, and utterly confounding the bank directors and capitalists of England, until the summer of 1836, We find that the bank directors them made the discovery that the United States had been draining them of their gold "on credit," and the of the estors then made the discovery that the United States had beer draining them of their gold "on credit," and they took steps to prevent it, by increasing the rate of interest in June to 41, and in August to five per

Let us now return to the United States. In June. 1836, the ruin threatened by so large an accum tion of the public money, and the uses that were made of it, and the unsound state of the currency generally, was so manifest, that all parties united in he opinion that something must be done with it, After full discussion and great deliberation, Congress with uncommon unanimity, adopted the law to distribute the deposites among the States. Though no If the above statement is correct, (and it was certainly more likely to be under than over the true amount,) we had imported near forty millions of dollars in one year, besides the indemnity, which, if the laws of trade the indemnity is constant. With this view, he adopted the famous specie circu lar-a sort of Order in Council-though the identi-

> nimity, rejected by the Senate.
>
> The principal, perhaps the only object of this sure, was to save from explosion some of the to