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SPEECH Of the Hon. WADY THOMPSON, of South Carolina, on the Bill providing for the issuing of ten millions of Treasury Notes, delivered in the House of Representatives, United States, May, 1838.

MR. CHAIRMAN: Although, sir, I regard the present as an occasion when, if ever in the history of this country, it would be justifiable to resort to the great conservative principle of English liberty, to withhold supplies until there was a change of measures and a redress of grievances, I am nevertheless, willing to vote the necessary supplies to the Government. I must however, be allowed to choose the mode of raising the funds. I cannot vote for a measure like that proposed, which is, in my deliberate judgment, a violation of the Constitution, and of evil and dangerous tendency.

He looks but narrowly at this measure who regards it simply as a question of raising money for a present emergency. No, sir, it is a part, a most important part—the very foundation of a new fiscal, financial, and commercial system, which it is intended to erect upon the ruins of all the salutary usages to which we have been accustomed, of the Constitution itself, and of the property, prosperity, and happiness of the people.

1. Because I think the issue of such a paper clearly unconstitutional. 2. It is not so good a currency as convertible bank paper. 3. Its tendency to excess, the great fault of the banking system, is greater.

I submit, sir, that these Treasury notes are bills of credit, and that this Government has no right to issue bills of credit. What is a bill of credit? In its largest sense it means almost any evidence of debt. But in the sense in which it is used in the Constitution, it means such issues of paper upon the credit of the public faith as were then in existence, and by which the country had been so severely scourged, now generally denominated continental money.

habits of our fathers made them use ordinary paper; we use silk paper. It is said that these bills draw interest, and that the continental money did not. This, as is usual with these ardent theorists, is a mistake in point of fact. Much of the currency issued by the States, and denominated "bills of credit," did bear interest—that of New York for example. But suppose it had not; are gentlemen, who profess themselves on all occasions the exclusive friends of a strict construction, prepared to palter with their consciences, to evade, to cheat the Constitution, by such a contemptible fraud as making these notes draw one mill interest on an hundred dollars?

It has been suggested that such a paper may be issued in another form so as to avoid the constitutional difficulty; certificates receivable in payment of public dues, and not promises to pay. This, like the other, is an unworthy evasion of the highest obligations which can be imposed upon men, and equally baseless.

The State of Missouri had issued certificates receivable in payment of public dues and without any promise whatever to pay. They were decided to be bills of credit and unconstitutional. Chief Justice Marshall defines a bill of credit to be "a paper issued by the sovereign authority and intended to circulate as money."

But, sir, a majority of the convention, being wise beyond every event, and being willing to risk any political evil rather than admit the idea of a paper emission, in any possible case, refused to trust this authority to a Government, to which they were lavishing the most unlimited powers of taxation, and to the mercy of which they were blindly trusting the liberty and property of the citizens of every State in the Union; and they erased that clause from the system.

Now, sir, here is the cotemporary testimony of an illustrious member of the convention, that it was intended in "no possible emergency" that the Government should have power to make a paper emission.

Could a State without a violation of the Constitution issue such a paper? No one will say so who admits the correctness of the decision in the case referred to. If not, why not? No answer can be given. But because they are bills of credit. For if they are not, the States may issue them. If these notes are not bills of credit, I demand to know what are they? Give me a definition, which will not include these. Draw a form of a bill of credit which the States may not issue.

It is in the common transactions of life regarded as a loan when one man gives to another his note in payment of an account? Is the act of making money borrowing it? The Government has a right to borrow, but that right is restricted by the condition that it shall not borrow by issuing bills of credit—bills intended to circulate as money.

But how infinitely is this ground strengthened when the power is not only not found in the Constitution as adopted, but was actually proposed and inserted, and afterwards struck out on motion and debate. By an opposite rule of construction I demand to know what power it is, that is not expressly prohibited, that may not be arrogated? The constitutionality of a bank has been well questioned on grounds infinitely less strong,

as I will proceed to show. A proposition to give Congress power to grant charters of incorporation generally, was referred to a committee, and never afterwards acted on.

Now it may with much plausibility be said that the convention refused to give the general and dangerous power to grant charters as an independent power, at the same time believing, that they had given the power to charter a bank as an implied power, and as an auxiliary to granted powers. But in the case of bills of credit the very power is specially proposed and rejected. The power to grant charters of incorporation was not acted on by the convention, and the power is now denied with great reason from the non-action of the convention.

But, sir, a majority of the convention, being wise beyond every event, and being willing to risk any political evil rather than admit the idea of a paper emission, in any possible case, refused to trust this authority to a Government, to which they were lavishing the most unlimited powers of taxation, and to the mercy of which they were blindly trusting the liberty and property of the citizens of every State in the Union; and they erased that clause from the system.

I trust that it will not be contended, at least, that it will not by any state rights' man, that the power is prohibited to the States, but not to this Government, and that therefore it may be exerted. That the dangerous doctrine will not be avowed, that this Government may do whatever is not prohibited. By such construction what may it not do? Is a bank prohibited. Is internal improvement, or a protective tariff? None of them.

It is the currency of revolutionary governments and never has maintained a par value, and never will, except in periods of great pressure, and in small amounts. It is even now below par, when every circumstance of the condition of the country is most auspicious to it; and when added to its quality of currency it has that of stock bearing interest. But it is said that it does depreciate the loss falls on the Government, not on the people.

Mr. Chairman, where are we, and on what times have we fallen? Is it in this republican land where the Government is the mere trust, the mere agency of the people, that we are told that the loss of the Government is not the loss of the people. Suppose one hundred millions in your treasury, and uses and demands for it, and it is consumed by fire. This too, I suppose, would be the loss of Government, not of the people; no concern whatever of theirs.

words retrenchment and economy eternally on their lips, proposing to expend in the present year more than forty millions; thirteen being the highest amount expended under the administration which they denounced as ruining the country by its extravagance.

4th. It is more expensive. Bank currency costs the country nothing. Nothing at all, sir, and until recently, no such idea has ever been advanced. This Government currency costs directly six per cent. upon the whole amount in circulation.

5th. As to its political tendencies. I, sir, am a republican of the state rights' school, not of some ten or twelve years' standing, I have always been so. I was born one. I was born in the midst of the black cockade contest, and have no drop of blood that flows from any one who ever wore one; and I confess that I am amazed, I am almost disposed to doubt my own identity, when I hear gentlemen of the strictest sect, declaring that this power of making currency is too important a power to trust to poor rascable cowardly corporations, (as they have shown themselves to be), corporations which are State institutions, drawing the breath of their nostrils from the States, receiving from and giving strength to the States; indissolubly united in their destinies with the States, and having no other powers but this. But that it is perfectly safe to add this power, great as it confessedly is, to the vast mass of power already possessed by this Government—this raw-head-and-bloody-bones accumulation of power in the Federal Government which we have been denouncing and warning against—because it is said the power must abide somewhere, and it is too dangerous a power to trust to state corporations, which have neither motive, courage, nor ability, to abuse it. And, sir, has it come to this? Is this the boasted separation of the Government from the money power? A most notable separation. A separation by a direct and entire union.

6. It will operate unequally. These notes, by laws of trade and commerce, invariable and unchangeable, will accumulate in large cities where they are needed, under the universal law of demand and supply, and will afford no relief to the interior—the farmers and the country merchants. Such was the experience of Mr. Dallas in 1816. He says, "that the treasury notes afforded no general relief; that they had, and would continue to accumulate in the large commercial cities where they were needed, and rarely found their way into the interior, and that the currency of the local banks was all that the farmer could obtain."

The chairman of the Committee of Ways and Means tells us, that it was not anticipated that these notes would have so soon returned to the Treasury. I suppose it was not. But it might have been foreseen, and would have been, by a financier of ordinary sagacity, or even by the present Secretary, if he had consulted the history of former issues of the same kind of paper.

2d. It is not so good a currency as bank paper. It is the currency of revolutionary governments and never has maintained a par value, and never will, except in periods of great pressure, and in small amounts. It is even now below par, when every circumstance of the condition of the country is most auspicious to it; and when added to its quality of currency it has that of stock bearing interest. But it is said that it does depreciate the loss falls on the Government, not on the people.

Mr. Dallas would have informed him, that when tried in 1816, "the revenue had been collected almost exclusively in Treasury notes, and would continue to be so collected, as long as they are issued by the government."

a discount. Both plans create a debt—neither creates a permanent and funded debt; for whenever you are in funds, you can redeem such stock. You will save at least half a million, and what is of infinitely greater consequence, you will save the constitution.

I will not relieve the Government from the just odium of bringing the country into such a condition. Let the administration openly and aboveboard go to the people, tell them there is no money in the Treasury; that they are forced to borrow, my life upon it, that if it is no fault of theirs, they will not be held answerable; if it is their fault, they ought not to be allowed to escape the responsibility.

I would receive payment for the stock in the bills of specie-paying banks, or in specie. Let a portion of the stock be sold in Europe, and serve as a conduit to bring into this country (not by a forcing and artificial process) a portion of that specie, which the natural condition of our country and of Europe, and the wise policy of that enlightened nation, upon whose commerce we have been waging a barbaric war, is disposed to send here.

These Treasury notes give no permanent relief, unless reissuable. They are paid in as fast as they are paid out, and if reissuable, you convert your Treasury Department into a Government bank of issue and deposit, and in the transfer of its funds necessarily of discount too.

Such, sir, was the course of the able and patriotic man who presided over the Treasury at the close of the war. They addressed all their efforts and powers to aiding the banks to resume and furnish a sound currency.

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the public funds in the United States Bank, where it was provided by law that they should be kept, and deposited them in State institutions, expressly and avowedly for the purpose of aiding the banks to resume; not only not taking it from them in their moment of severest trial, but actually giving it to them.

"In order to induce the banks in the District to resume specie payments simultaneously with the banks already enumerated, it became necessary for the Treasury Department to give them assurances of support during the first months succeeding such resumption.

It is cheering, it is delightful, to turn from the uncertain and dangerous theories of the present day, from the eternal experiments that are made upon the happiness, the very means of subsistence of the people, as a philosopher would best the power of prussic acid on a mouse, to the practical suggestions of these calm, quiet, and able minds. My business is with the things of this world as I find them, not as I would have them.

But it is said will you do this to enable the banks to pay their debts? It would be a much more true statement of the case to say that it is to be done to enable the people to pay their debts to the banks. Gentlemen, who talk thus, must surely forget that the banks maintain to the people the double relation of debtor and of creditor, and that the creditor relation is the largest.

Would you do this to enable the banks to pay their debts? I answer, yes, I would.—The bank capital of the country is a portion, a large portion, of its wealth and power, and I would do all that I rightfully can to save it from ruin, if nothing else were involved.

Mr. Dallas even took the responsibility of receiving the bills of non-specie-paying banks without the authority of law, and he was sustained in it by the whole country. He says in his report to Congress in 1816—

"The consequence of rejecting bank notes which were not paid on demand in coin, must have been to put to hazard the collection of the revenue in point of time and in point of product, to deteriorate (if not to destroy) the only adequate medium of exchange adopted by the common consent of the nation in a case of extreme necessity, and to shake the foundations of private property."