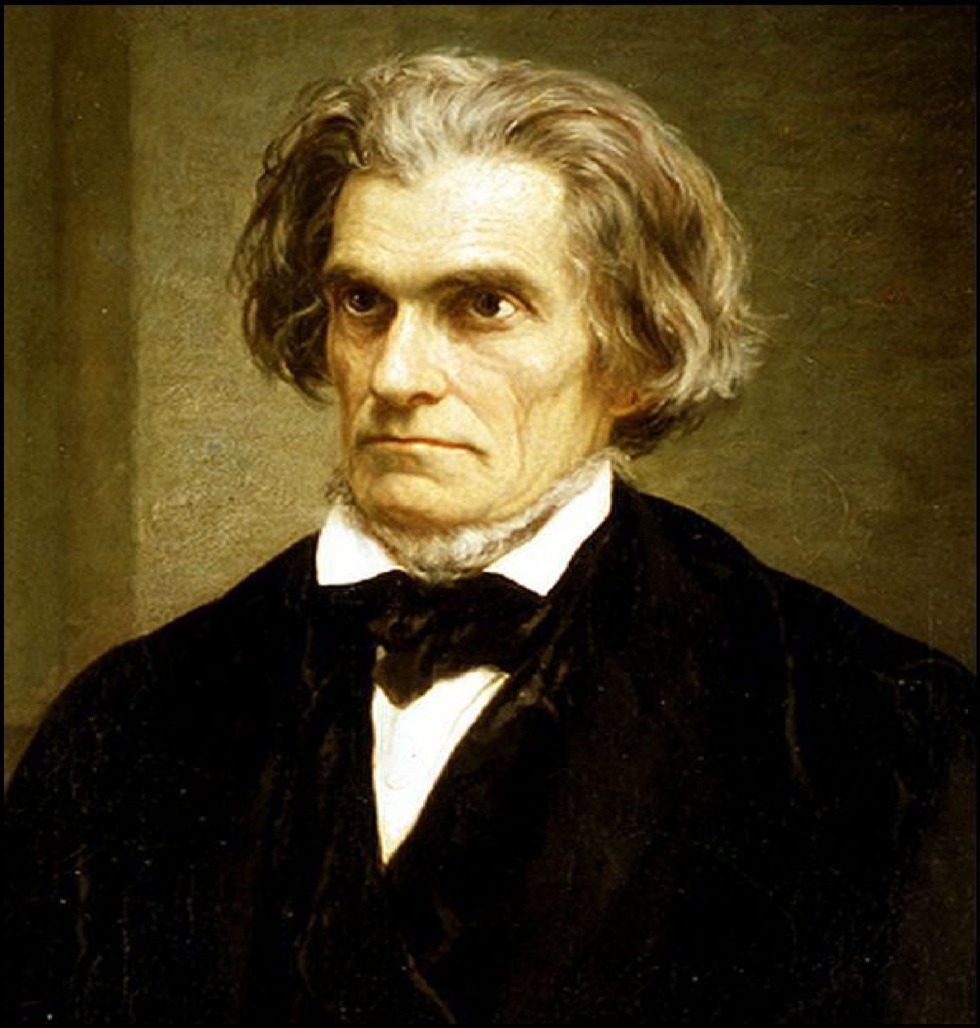

THE WORKS OF JOHN C. CALHOUN

VOLUME 4

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JOHN C. CALHOUN

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CONTENTS:

SPEECH On the Loan Bill, delivered in the Senate, July 19th, 1841.

[THE Bill from the House authorizing a loan of twelve millions of dollars, was taken up, the question being on its passage.]

MR. CALHOUN said: I rise simply to state my reasons for voting against this measure, but without the slightest expectation of changing a single vote, after witnessing the united and disciplined resistance, during the progress of the bill, to every amendment, however clear and necessary.

I am not one of those who believe that we are bound to vote supplies to cover a deficiency in the treasury whenever called on, without investigating the causes which occasioned it. On the contrary, I not only regard it as a right, but as a duty, before voting supplies, to scrutinize, with the utmost caution, the necessity of granting them, and then to grant with extreme moderation, after we are satisfied of the necessity. I hold, in fact, that the right of granting or withholding supplies is a fundamental principle in all free States, be the form of government what it may; and that it is not less necessary in our Government than in that of Great Britain.

It springs necessarily out of the relation which is to be found under every government of taxpayers and tax consumers those who support and those who are supported by the Government. Governments will ever be found leaning to the side of the latter, and that tendency, unless counteracted by withholding supplies, must, in the end, impose on the community oppressive burdens.

To make out his case, it was not sufficient for the Secretary to show that there was an actual deficit; he must go further, and show how it occurred, and why it could not be avoided. This he has not done, except to state that there has been a falling off in the estimated amount of the revenue. I hold he ought to have gone further, and to have shown that every effort has been made, on his part, to meet such falling off by economy in the expenditures, and limiting their amounts as far as was consistent with the public service. If, after showing that he had done so, a deficit still remained, I would feel bound to supply it, but not otherwise.

So far from doing this, he had shown a disposition precisely the reverse—a desire to make out a deficit, instead of avoiding one; and that too, expressly with a view that he might make this call for supply in the form of a funded debt.

I feel satisfied that, had the present Secretary been actuated by the same strict regard to economy as his predecessor, there would not have been a cent of deficiency at the end of the year. I believe the treasury was as amply supplied, in proportion to the demand upon it, at the commencement of this year, as it was at the commencement of the last; and yet we have a demand now, when the year is but half expired, of an additional supply of $12,000,000; when, at the termination of the last, under circumstances not less trying, a considerable surplus remained in the treasury. The Senate will remember that, after the estimates had been made and voted to meet the demands on the treasury for the present year, they were enlarged at the suggestion of one of the members of the opposition (Mr. Wise), by the grant of power to issue $5,000,000 of treasury notes, which was more than sufficient to cover the actual falling off of the imports below the estimate.

I will say to my friends, that if they adopt it as a principle to grant supplies in such cases whenever the Secretary chooses to make a deficit, vain would be their resistance to those now in power. Let it not be said, that to pursue such a course would endanger public credit, or arrest the wheels of Government. The majority in power, whose extravagance or neglect may cause the deficit, will be held responsible for supplying it; but they had no right in such cases to call for the vote of those who are opposed to them.

I hold that there is a distinction in this respect between a state of peace and war. In the latter, the right of withholding the supplies ought ever to be held subordinate to the energetic and successful prosecution of the war. I go further, and regard the withholding of supplies, with a view of forcing the country into a dishonorable peace, as not only to be, what it had been called, moral treason, but very little short of actual treason itself. It was this which rendered the attempt to withhold supplies by the Federal party, during the late war, so odious.

But I am not compelled to resort to this high elementary principle to justify my opposition to the present measure. It furnishes abundant ground, connected with its details, to justify the most decided opposition; and among others, it will be sufficient of itself that it asks too much. It proposes a loan of $12,000,000 with a power of issuing treasury notes in the place of those that may be redeemed, amounting to 6,000,000 or 7,000,000 more; — thereby authorizing a loan of about $18,000,000, when, in fact, the deficiency of the year cannot require more than $5,000,000. I will not repeat the arguments necessary to establish this fact. It has been clearly shown that that sum would be sufficient, with due economy, not only to cover the deficiency in the treasury at the end of the year, but to leave a sufficient supply in the mint for the purpose of coinage, and in the treasury to meet the current expenses of the Government.

I am unwilling to vote any supplies beyond the exigencies of the year. I can see no good reason for it; — but, on the contrary, many against it. A large portion of the supposed deficiency of the next year, whatever it may be, cannot take place before the 4th of March, and much of it not until nearly this time twelvemonth. Why then provide for it at this extraordinary session, when our attention is absorbed in other and more important subjects? Why not wait until the next regular session, when there will be so much more leisure, — when the state of the treasury will be so much more accurately known, — and when the revision of the tariff—whether it should take place at this or the regular session—will enable us to decide so much more accurately on the amount that may be required. I do not regard it as a case for confidence, as claimed by the Senator from Kentucky (Mr. Clay), but simply of prudence and discretion. Our confidence may be asked when it becomes necessary to act, but never in such a case as this, when there is no such necessity.

But there are other and stronger reasons why the grant of supplies should not extend beyond the present exigencies of the Government. If this bill should become a law, it would, as has been stated, place at the disposal of the treasury a sum not less, in all probability, than $18,000,000.

Past experience has taught us that the expenditures of the Government never fail to keep pace with its means, — which would most certainly be the case in this as in all former instances. There is no government on earth that has a stronger disposition to extravagance than this. Make this large and unnecessary grant of supply, and we shall hear no more of economy and retrenchment—virtues so essential to a republic, and so necessary at the present time. Truth demands that I should say they are required in every department of the Government, — beginning with Congress and going down to the humblest officer. It is not my object to blame any party or any individual. The disease originated in the Tariff of 1828, which poured millions upon millions into the treasury, beyond the wants of the Government, — and that, too, on the very eve of the final discharge of the public debt. So strong was the current that the difficulty was to discover expedients by which the surplus could be disposed of. It is not at all extraordinary that, in such a state of things, all ideas of economy, retrenchment, and accountability should be lost, and the most wasteful extravagance pervade every department. For this there was but one remedy—to cut off the supplies by reducing the duties and by withdrawing the surplus from the treasury. Both were successfully applied—the former by the Compromise Act, and the latter by the Deposit Act of 1836. An exhausted treasury was the result; and there followed, as ever will follow, from an embarrassed treasury, a spirit of economy, retrenchment, and the enforcement of accountability, which have effected, in the last two years, a very great reduction under the auspices of the late Secretary of the Treasury, the Senator behind me. It is our true policy to continue the embarrassment, as the only means of enforcing the necessary reform. A government, like a family, spoiled by an extravagant income, can only be reformed by stinted means. This measure would relieve the embarrassment—give a large temporary surplus to the disposal of Congress, and put an end to all further reform.

I next object to the mode. I prefer treasury notes to permanent loans. It will be far cheaper. Instead of six per cent, which the loan will cost, treasury notes will not cost more than three. I understand that the average interest on the whole amount heretofore issued by the Government since the suspension of 1837, is 4 per cent., 2 per cent. less than that proposed to be given on the loan:—which, on $12,000,000, would make a saving of $240,000 annually.

But this is not all. In the case of treasury notes, interest never begins to accrue until they are used; while on the contrary, in making loans, interest is paid on large amounts long before they are used, — a difference which cannot be estimated at less than 1 per cent. making an additional saving of $120,000 in favor of the former. The two items make $360,000 annually, and upwards of $1,000,000 in three years—the period before which the loan cannot be redeemed. But this is not the only loss which the country would suffer. The bill provides for the exchange of treasury notes for the stock which it proposes to create, and which, as has been stated, would not be redeemable in less than three years—while none of the treasury notes have more than one year to run, — at the expiration of which the interest ceases.

Again: many of the treasury notes bear but 2 per cent. interest, and some less than that, having a mere nominal interest, and others 5 per cent. None exceed 6 per cent.

These are to be exchanged for stock bearing 6 per cent. — making a clear loss to the Government, and a corresponding gain to the holders of the notes (principally banks and brokers,) equal to the difference in the interest.

As great as this may be, it is by no means the strongest objection under this aspect. To understand the real loss to the country, we must cast our eyes, as I said on another occasion, to what is passing in the other wing of the Capitol.

A bill has been introduced there to raise the duties on all articles now duty free, and those which pay less than 20 per cent. to 20 per cent., which would raise the revenue from the imports to $25,000,000 annually, — provided such heavy duties should not reduce the exports, and, in consequence, the imports. I speak on the supposition that the exports will continue to increase for the next three or four years in the same ratio that they have since the reduction of the tariff, which they will do, in all probability, unless kept down by high duties on imports.

What, then, must be the effects of this exchange of treasury notes, payable in the course of a year, for stocks that have three years to run? How will this vast increase of revenue be absorbed during that period, when no part of it can be applied to the discharge of the debt, or absorption of treasury notes? One of two results must necessarily follow: there must be a great and extravagant increase of expenditure, equaling at least $28,000,000, comprehending the revenue from the public lands, or the reaccumulation of another surplus, to be followed by another expansion, with all the disastrous consequences which we have so recently experienced from the late surplus. If the former, what becomes of the promises of reform, retrenchment, and economy, so profusely made during the late canvass?

In all this, the gain to the banks will be not less clear than the loss to the Government. Should a surplus be permitted to accumulate, it would be but an increase of the deposits in the bank—that is, so much additional bank capital for the time, advanced by the Government, without interest. Should it, on the contrary, be spent in expenditures, it would but add to the increase of bank circulation, in which it would be collected and disbursed. To which add, that, in converting treasury notes into loans or stocks, it will give to the former a shape in which it would become a commodity, having a demand in the foreign market, instead of being confined to our country, so long as it continued in the original form, and would thereby enable its holders to acquire the means of putting and continuing the bank in operation.

But why all these sacrifices, amounting, I may safely say, to millions in this single transaction, in favor of banks, brokers, and stock-jobbers? How is it to be explained? If this body, instead of being a Senate of the United States, was a deputation from Wall-street, sent here to arrange the details of the measure, we would not be at any loss to understand why they are arranged as they are. They are all contrived, in the best manner, to suit their interest, without, apparently, any regard to the interest of the Government.

But we are not such a deputation. We are the representatives of the twenty-six sovereign States of this Union, — entrusted with high powers to be used for their benefit, — and to watch over and guard their interests; and what justification can we offer in thus sacrificing, without compensation, the interests of those we were sent here to represent?

We have not the excuse of saying that they were overlooked.

In almost every instance of sacrifice which I have pointed out, amendments were offered with a view of protecting the public interest, which, after full discussion, making manifest the sacrifice, were voted down by an united and steady majority.

With all these advantages and great saving in favor of treasury notes, why not use them in preference to loans?

But one objection has been urged, — that there is so great a facility in their use, that the Government will be tempted to plunge deeply into debt, unless disused. And from whom does this objection come? the party who, if they do not think that a public debt is a public blessing, show clearly by their acts and their declarations, that they regard it as no great evil. As to my part, I wish to speak with perfect candor; I will admit that, to a certain extent, there is a facility in the use of treasury notes, which might, to a limited extent, tempt to incur debts. The limits are narrow. The embarrassment of the treasury, of which we have heard so much in this debate, must always prevent an excessive issue.

It is like an individual using his notes of hand, having a short date to run, to meet his engagements. The return of these would soon embarrass him; to avoid which, and to enable him to plunge more deeply in debt, the resort, on the part of the thoughtless, is usually to a mortgage. Such, I apprehend, is the case in the present instance; for what is a permanent loan but a mortgage upon the wealth and industry of the country? It is the only form of indebtedness, as experience has shown, by which heavy and durable encumbrance can be laid upon the community.

But there is another and decisive reason why there is no ground to fear that a large and permanent debt will ever be contracted in the form of treasury notes. The banks, which constitute by far the most influential interest in the community, are hostile to their circulation. They regard them as formidable competitors to the circulation of their own notes, from which they derive so large a share of their profits; and hence have ever thrown their whole weight against them, as was witnessed during the late war, and since the present suspension. Very different are their feelings towards loans and stocks. Instead of viewing them with a jealous feeling of rivalry, they regard them as the safest and most acceptable source of profit, and are the foremost on every emergency, like the present, to urge the Government to resort to them as the best means of relief from its pecuniary embarrassment. Break all connection with the banks, — neither receive nor pay away their notes, nor use them as the depositories of your money, or as your fiscal agents, — take, in a word, such a step as will withdraw their powerful influence in favor of public loans, — and there would scarcely be found an individual, in a case like the present, who would prefer them to treasury notes. In fact, were it not for banks and bank connection, the Government could at all times use its own credit to supply a temporary deficit, many times greater than the present, without the charge of a single cent for interest. What did the Senator who reported this measure, and supports it so zealously, say, when, some one or two years since, he denounced the Sub-Treasury, because, according to his opinion, it would become a fiscal bank?

He told us, and told us truly, if we had no banks, or connection with them, that the credit of the Government alone, even with our limited revenue, could keep in circulation $40,000,000, in the form of treasury drafts, which would be at par all over the Union. Yes, Sir, would be at par, without a cent of interest. The demands of the Government for them in its fiscal concerns, and that of the community in its commercial and business transactions, would maintain them at par with gold and silver, as a medium of circulation.

But this great resource, which would prove a substitute for loans in the hour of difficulty, is transferred to banks, without compensation, and lost to the community.

This brings me to another, and to me an overpowering objection, against supplying the deficit of the treasury in the mode proposed, to which I alluded the other day in the discussion on the amendments. We talk of loans, as if we borrowed gold and silver. Under our bank dynasty, this is all a mistake. It is nothing but an exchange of credit; and when the Government is the borrower, it is little short of a fraud on the community. What is it but to give its credit as proposed in this bill, in the form of a six per cent stock, in exchange for bank-notes (or worse, for a credit on the books of the banks) bearing no interest, when in fact their notes of credit are but little more than the credit of the Government, that is, the community in another form.

The Government, in a word, borrows back its own credit, through the banks, at the rate of six per cent, when it might use it directly, with equal convenience, for nothing at all.

Thus thinking, I regard the whole amount of interest which may be paid for this loan, and which for three years would be more than $2,000,000, to be but little more than a donation to banks and brokers. No wonder, then, that Wall-street should shout and clap its hands for joy, on its passage through the other House. Not at all surprising is it, that it should regard it as a good omen that the bank and the whole batch of measures associated with it, would also force their way through Congress. Yes, it has cause for joy and rejoicing.

This bill is the entering wedge for all the measures of the session, and on which it is proposed to rear a splendid superstructure of the paper system—bank, debts, and stock—rivalling that of Great Britain. He is blind indeed, who does not see, in the signs of the times, a strong tendency to plunge the Union as deeply in debt as are many of the States, and to subjugate the whole to the paper system.

Every movement and measure indicates it. What are we doing, and what engrosses all our attention from morn to noon, and from week to week, ever since our arrival here, at the commencement of this extraordinary session, and will continue till its end? What but banks, loans, stocks, tariffs, distribution and supplies? All else is forgotten and absorbed in these; and what are these but parts and parcels of the paper system? On such an occasion, when a revolution is attempted in the Government, I feel bound, as the representative of one of the sovereigns of this Union, to give utterance to my opinion, with all possible freedom, within the limits assigned by parliamentary rules to the liberty of discussion. I then proclaim that Wall-street (the head and centre, in our country, of the great moneyed, bank, stock, and paper interest, domestic and foreign) is in the ascendant in the councils of the Union. Every measure is controlled by it, and at its pleasure; — banks, brokers, and stock-jobbers, sway everything; and this is the only fruit of the victory of the party, which has been so triumphantly chanted from one extremity of the Union to the other. All else are neglected—forgotten. No, not all. The office-seekers are remembered. They come in for their share. Between these our time is exclusively divided; laboring hourly and daily for the one in secret, and the other in open session.

As to the people, what attention do they receive? They want economy and retrenchment—light taxes and moderate expenditures. On these not a thought is bestowed, although they were told, during the late canvass, by those now in power, (and truly so,) that there was much to reform-much useless and wasteful expenditure to retrench, accompanied by solemn pledges for reform, if victory should place power in their hands. All these are now forgotten or postponed.

I say postponed, for the Chairman of the Committee of Finance has told us, that, at the next session, these pledges are to be redeemed. So, then, the favorite few—the moneymongers and office seekers—are to be first served—to sit at the first table—and the people to have the bones and crumbs of the second—if, indeed, they should be permitted to share at all in the fruits of the victory. Instead of sharing the fruits, they will share, I suspect, the fate of one of the most patriotic and intelligent corps of recruits, which swelled the ranks of the victors in the late election. I refer to those who were enlisted by the promise that proscription should be proscribed, so solemnly given, and so often repeated, from the general-in-chief down to the lowest recruiting sergeant; —but which has been broken in utter contempt and scorn of plighted faith.

Another respectable corps of recruits are doomed to share the same, if not a more disgraceful fate. I refer to the large portion of the State Rights men, who rather voted against Mr. Van Buren, than for Gen. Harrison, — and who were induced to hope from declamation from high sources during the canvass, that the pure days of the old State Rights Jeffersonian doctrines would be restored if Mr. Van Buren should be defeated. Where do they now stand? Where stand all but the respectable portion, which have already discovered the deception and returned to their old standard ? In the ranks of the bitter and determined opponents of all they ever professed and contended for—doomed, unless they speedily separate from faithless allies, to loss of caste and endless disgrace.

And what is to become of that mighty mass who were governed without reason and reflection, by the mere force of pecuniary pressure, to seek change—in whose ears, change, change, change, was incessantly rung? Have prices improved? Have times become better? or will they, in consequence of these measures? Far otherwise. The agitation, which they have already caused, — which they must continue to cause,_-and the powerful disturbing influence which they must have, if adopted, on the currency and the money market, are the most deadly foes to the revival of business. They have already done much to depress trade, and destroy confidence; and should they unfortunately succeed, will do more to prevent the return of prosperous times, than any other step that could be taken. The end will be, that these, like every other corps of recruits that swell the ranks of the victors, — except the two exclusive favorites here, office seekers and money-mongers, are doomed to sad disappointment.

SPEECH On the Distribution Bill, delivered in the Senate, August 24, 1841.

MR. CALHOUN said, if this bill should become a law, it would make a wider breach in the constitution, and be followed by changes more disastrous, than anyone measure which has ever been adopted. It would, in its violation of the constitution, go far beyond the general welfare doctrine of former days, which stretched the power of the Government as far as it was then supposed was possible by construction, however bold. But, as wide as were the limits which this doctrine assigned to the powers of the Government, it admitted, by implication, that there were limits: while this bill, as I shall show, rests on principles which, if admitted, would supersede all limits.

According to the general welfare doctrine, Congress had power to raise money, and appropriate it to all objects which it might deem calculated to promote the general welfare, — that is, the prosperity of the States, regarded in their aggregate character as members of the Union; or, to express it more briefly, and in language once so common, to national objects; thus excluding, by necessary implication, all that were not national, as falling within the spheres of the separate States. As wide as are these limits, they are too narrow for this bill. It takes in what is excluded under the general welfare doctrine, and assumes for Congress the right to raise money, to give by distribution to the States; that is, to be applied by them to those very local State objects to which that doctrine, by necessary implication, denied that Congress had a right to appropriate money;

thus superseding all the limits of the constitution, — as far, at least, as the money-power is concerned. The advocates of this extraordinary doctrine have, indeed, attempted to restrict it, in their argument, to revenue derived from the public lands; but facts speak louder than words. To test the sincerity of their argument, amendments after amendments have been offered to limit the operation of the bill exclusively to the revenue derived from this source, but which, as often as offered, have been steadily voted down by their united voices. But I take higher ground. The aid of these test votes, strong as they are, is not needed to make good the assumption that Congress has the right to lay and collect taxes for the separate use of the States. The circumstances under which it is attempted to force this bill through, speak of themselves a language too distinct to be misunderstood.

The treasury is exhausted; the revenues from the public lands cannot be spared; they are needed for the pressing and necessary wants of the Government. For every dollar withdrawn from the treasury, and given to the States, a dollar must be raised from the customs to supply its place: this is admitted. Now, I put it to the advocates of this bill, — Is there, can there be, any real difference, either in principle or effect, between raising money from customs, to be divided among the States, and raising the same amount from them to supply the place of an equal sum withdrawn from the treasury to be divided among the States? If there be a difference, my faculties are not acute enough to perceive it; and I would thank anyone who can point it out. But, if this difficulty could be surmounted, it would avail nothing, unless another, not inferior, can also be got over. The land from which the revenue, proposed to be divided, is derived, was purchased (with the exception of a small portion, comparatively, lying between the Ohio and Mississippi rivers) out of the common funds of the Union, and with money derived, for the most part, from customs. I do not exempt the portion acquired from Georgia, which was purchased at its full value, and cost as much, in proportion, as Florida purchased from Spain, or Louisiana from France.

If money cannot be raised from customs or other sources for distribution, I ask, how can money derived from the sales of land purchased with money raised from the customs or other sources, be distributed among the States? If the money could not be distributed before it was vested in land, on what principle can it be when it is converted back again into money by the sales of the land? If, prior to the purchase, it was subject, in making appropriations, to the limits prescribed by the constitution, how can it, after having been converted back again into money by the sale of the land, be freed from those limits? By what art, what political alchemy, could the mere passage of the money through the lands free it from the constitutional shackles to which it was previously subject? But if this difficulty also could be surmounted, there is another, not less formidable and more comprehensive, still to be overcome. If the lands belong to the States at all, they must belong to them in one of two capacities, — either in their federative character, as members of a common union; or in their separate character, as distinct and independent communities. If the former, this Government, which was created as a common agent to carry into effect the objects for which the Union was formed, holds its authority over the lands, as it does all its other delegated powers, as a trustee for the States in their federal character, for those objects only, and for no other purpose whatever; and can, of course, under the grant of the constitution "to dispose of the territory or other property belonging to the United States," dispose of the lands only under its trust powers, and in execution of the objects for which they were granted by the constitution. When, then, the lands, or other property of the United States, are disposed of by sale—that is, converted into money—the trust, with all its limitations, attaches as fully to the money, as it did to the lands or property of which it is the proceeds. Nor would the Government have any more right to divide the land or the money among the States, — that is, to surrender it to them, than it would have to surrender any other subject of its delegated powers. If it may surrender either to the States, it may also surrender the power of declaring war, laying duties, or coining money.

They are all delegated by the same parties, held by the same instrument, and in trust, for the execution of the same objects. The assumption of such a right is neither more nor less than the assumption of a right paramount to the constitution itself—the right on the part of the Government to destroy the instrument, and dissolve the Union from which it derives its existence. To such monstrous results must the principle on which this bill rests lead, on the supposition that the lands (that is, the territory) belong to the United States, — as is expressly declared by the constitution.

But the difficulty would not be less if they should be considered as belonging to the States, in their individual and separate character. So considered, what right can this Government possibly have over them? It is the agent, or trustee of the United States, — the States as members of a common union, and not of the States individually, each of which has a separate government of its own to represent it in that capacity. For this Government to assume to represent them in both capacities, would be to assume all power—to centralize the whole system in itself. But, admitting this bold assumption; on what principle of right or justice, if the lands really belong to the States—or, which is the same thing, if the revenue from the lands belong to them—can this Government impose the various limitations prescribed in the bill? What right has it, on this supposition, to appropriate funds belonging to the States separately, to the use of the Union, in the event of war, or in case the price of the lands should be increased above a dollar and a quarter an acre; or any article of the tariff be raised above 20 per centum ad valorem?

Such, and so overwhelming are the constitutional difficulties which beset this measure. No one who can overcome them—who can bring himself to vote for this bill—need trouble himself about constitutional scruples hereafter. He may swallow, without hesitation, bank, tariff, and every other unconstitutional measure which has been adopted or proposed. Yes; it would be easier to make a plausible argument for the constitutionality of the most monstrous of the measures proposed by the abolitionists—for abolition itself—than for this detestable bill; and yet we find Senators from slaveholding States, — the very safety of whose constituents depends on a strict construction of the constitution, recording their names in favor of a measure from which they have nothing to hope, and everything to fear. To what is a course so blind to be attributed, but to that fanaticism of party zeal, openly avowed on this floor, which regards the preservation of the power of the Whig party as the paramount consideration? It has staked its existence on the passage of this and other measures for which this extraordinary session was called; and when it is brought to the alternative of their defeat or success, in the anxiety to avoid the one and secure the other, constituents, constitution, duty, and country,–all are forgotten.

A measure which would make so wide and fatal a breach in the constitution, could not but involve, in its consequences, many and disastrous changes in our political system, too numerous to be traced in a speech. It would require a volume to do them justice. As many as may fall within the scope of my remarks, I shall touch on in their proper place.

Suffice it for the present to say, that such and so great would they be, as to disturb and confound the relations of all the constituent parts of our beautiful but complex system—of that between this and co-ordinate governments of the States, and between them and their respective constituencies. Let the principle of the distribution of the revenue, on which this bill rests, be established, — and it would follow, as certainly as it is now before us, that this Government and those of the States would be placed in antagonist relations on all subjects except the collection and distribution of revenue; which would end, in time, by converting this into a mere machine of collection and distribution for those of the States, to the utter neglect of all the functions for which it was created. Then the proper responsibility of each to their respective constituencies would be destroyed; then would succeed a scene of plunder and corruption without parallel, to be followed by dissolution, or an entire change of system.

Yes; if anyone measure can dissolve this Union, this is that measure. The revenue is the state, said the great British statesman, Burke. With us, to divide the revenue among its members is to divide the Union. This bill proposes to divide that from the lands. Take one step more, to which this will lead if not arrested: divide the revenue from the customs, and what of union would be left? I touched more fully on this, and other important points connected with this detestable measure, during the discussions of the last session, and shall not now repeat what I then said.

What I now propose is, to trace the change it would make in our financial system, with its bearings on what ought to be the policy of the Government. I have selected it, not because it is the most important, but because it is that which has heretofore received the least attention.

This Government has heretofore been supported almost exclusively from two sources of revenue—the lands and the customs; excepting a short period at its commencement, and during the late war, when it drew a great portion of its means from internal taxes. The revenue from lands has been constantly and steadily increasing with the increase of population; and may, for the next ten years, be safely estimated to yield an annual average income of $5,000,000, if properly administered—a sum equal to more than a fourth of what the entire expenditures of the Government ought to be, with due economy, and restricted to the objects for which it was instituted. This bill proposes to withdraw this large, permanent, and growing source of revenue, from the treasury of the Union, and to distribute it among the several States; and the question is, — Would it be wise to do so, viewed as a financial measure, in reference to what ought to be the policy of the Government? which brings up the previous question, what that policy ought to be? In the order of things, the question of policy precedes that of finance. The latter has reference to, and is dependent on, the former. It must first be determined what ought to be done, before it can be ascertained how much revenue will be required, and on what subject it ought to be raised.

To the question, then, What ought to be the policy of the Government? the shortest and most comprehensive answer which I can give is, — that it ought to be the very opposite of that for which this extraordinary session was called, and of which this measure forms so prominent a part. The effect of these measures is to divide and distract the country within, and to weaken it without; the very reverse of the objects for which the Government was instituted—which was to give peace, tranquility, and harmony within, and power, security, and respectability without. We find, accordingly, that without, where strength was required, its powers are undivided. In its exterior relations—abroad, — this Government is the sole and exclusive representative of the united majesty, sovereignty, and power of the States, constituting this great and glorious Union. To the rest of the world, we are one. Neither State nor State government is known beyond our borders. Within, it is different. There we form twenty-six distinct, independent, and sovereign communities, each with its separate government, whose powers are as exclusive within, as that of this Government is without, with the exception of three classes of powers which are delegated to it. The first is, those that were necessary to the discharge of its exterior functions—such as declaring war, raising armies, providing a navy, and raising revenue. The reason for delegating these requires no explanation. The next class consists of those powers that were necessary to regulate the exterior or international relations of the States among themselves, considered as distinct communities—powers that could not be exercised by the States separately, and the regulation of which was necessary to their peace, tranquility, and that free intercourse, social and commercial, which ought to exist between confederated States. Such are those of regulating commerce between the States, coining money, and fixing the value thereof, and the standard of weights and measures.

The remaining class consists of those powers which, though not belonging to the exterior relations of the States, are of such nature that they could not be exercised by States separately, without one injuring the other—such as imposing duties on imports; in exercising which, the maritime States, having the advantage of good ports, would tax those who would have to draw their supplies through them. In asserting that, with these exceptions, the powers of the States are exclusive within, I speak in general terms. There are, indeed, others not reducible to either of these two classes; but they are too few and inconsiderable to be regarded as exceptions.

On the moderate and prudent exercise of these, its interior powers, the success of the Government, and with it our entire political system, mainly depends. If the Government should be restricted, in their exercise, to the objects for which they were delegated—peace, harmony, and tranquility would reign within; and the attention of the Government unabsorbed by distracting questions within, and its entire resources unwasted by expenditures on objects foreign to its duties—would be directed with all its energy to guard against danger from without, to give security to our vast commercial and navigating interest, and to acquire that weight and respectability for our name in the family of nations which ought to belong to the freest, most enterprising, and most growing people on the globe. If thus restricted in the exercise of these, the most delicate of its powers, and in the exercise of which only it can come in conflict with the Governments of the States, or interfere with their interior policy and interest, this Government, with our whole political system, would work like a charm, and become the admiration of the world. The States, left undisturbed within their separate spheres, and each in the full possession of its resources, would—with that generous rivalry which always takes place between clusters of free states of the same origin and language, and which gives the greatest possible impulse to improvement—carry excellence in all that is desirable beyond any former example.

But if, instead of restricting these powers to their proper objects, they should be perverted to those never intended; if, for example, that of raising revenue should be perverted into that of protecting one branch of industry at the expense of others; — that of collecting and disbursing the revenue, into that of incorporating a great central bank to be located at some favored point, and placed under local control; — and that of making appropriations for specified objects, into that of expending money on whatever Congress should think proper; — all this would be reversed. Instead of harmony and tranquility within, there would be discord, distraction, and conflict; — followed by the absorption of the attention of the Government, and exhaustion of its means and energy on objects never intended to be placed under its control, to the utter neglect of the duties belonging to the exterior relations of the Government, and which are exclusively confided to its charge. Such has been, and ever must be, the effect of perverting these powers to objects foreign to the constitution. When thus perverted, they become unequal in their action, operating to the benefit of one part or class to the injury of another part or class, — to the benefit of the manufacturing against the agricultural and commercial portions, — or of the non-productive against the producing class. The more extensive the country, the greater would be the inequality and oppression. In ours, stretching over two thousand square miles, they would become intolerable when pushed beyond moderate limits. It is then conflicts take place, from the struggle on the part of those who are benefited by the operation of an unequal system of legislation to retain their advantage, and on the part of the oppressed to resist it. When this state of things occurs, it is neither more nor less than a state of hostility between the oppressor and oppressed—war waged not by armies, but by laws; acts and sections of acts are sent by the stronger party on a plundering expedition, instead of divisions and brigades, which often return more richly laden with spoils than a plundering expedition after the most successful foray.

That such must be the effect of the system of measures now attempted to be forced on the Government by the perversion of its interior powers, I appeal to the voice of experience in aid of the dictates of reason. I go back to the beginning of the Government, and ask what, at its outset, but this very system of measures, caused the great struggle which continued down to 1828, when the system reached its full growth in the tariff of that year? And what, from that period to the termination of the late election which brought the present party into power, has disturbed the harmony and tranquility of the country, deranged its currency, interrupted its business, endangered its liberty and institutions, but a struggle on one side to overthrow, and on the other to uphold the system? In that struggle it fell prostrate:—and what now agitates the country?—what causes this extraordinary session, with all its excitement, but the struggle on the part of those in power to restore the system; to incorporate a bank; to re-enact a protective tariff; to distribute the revenue from the lands; to originate another debt, and renew the system of wasteful expenditures; and the resistance on the part of the opposition to prevent it? Gentlemen talk of settling these questions; they deceive themselves. They cry Peace! peace! when there is no peace. There never can be peace till they are abandoned, or till our free and popular institutions are succeeded by the calm of despotism; and that not till the spirit of our patriotic and immortal ancestors, who achieved our independence and established our glorious political system, shall become extinct, and their descendants a base and sordid rabble.

Till then, or till our opponents shall be expelled from power, and their hope of restoring and maintaining their system of measures is blasted, — the struggle will be continued, — the tranquility and harmony of the country be disturbed, and the strength and resources of the Government be wasted within, and its duties neglected without.

But, of all the measures which constitute this pernicious system, there is not one more subversive of the objects for which the Government was instituted, — none more destructive of harmony within, and security without, than that now under consideration. Its direct tendency is to universal discord and distraction; to array the new States against the old, the non-indebted against the indebted, the staple against the manufacturing; one class against another; and, finally, the people against the Government. But I pass these. My object is not to trace political consequences; but to discuss the financial bearings of this measure, regarded in reference to what ought to be the policy of the Government; which I trust I have satisfactorily shown ought to be, to turn its attention, energy, and resources, from within to without, to its appropriate and exclusive sphere, —that of guarding against danger from abroad; giving free scope and protection to our commerce and navigation, and that elevated standing to the country, to which it is so fairly entitled in the family of nations. It becomes necessary to repeat, preparatory to what I