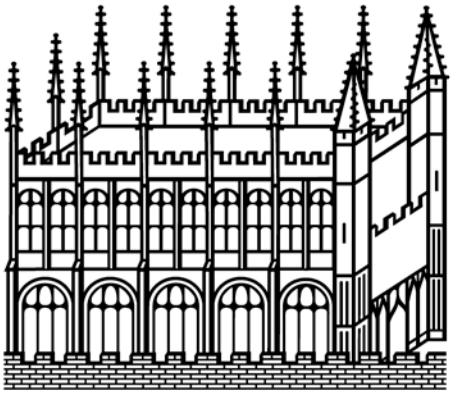

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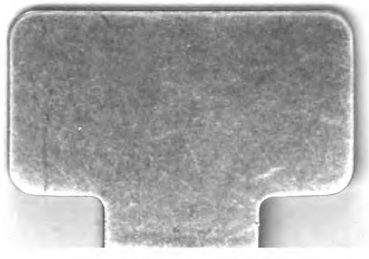

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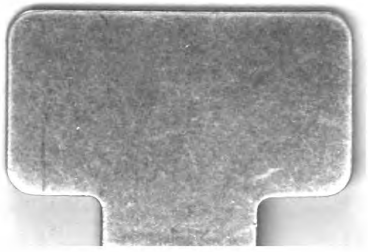

LETTERS

TO

THE PRESIDENT,

ON THE

FOREIGN AND DOMESTIC POLICY

OF

THE UNION,

AND

ITS EFFECTS,

AS EXHIBITED IN THE

CONDITION OF THE PEOPLE AND THE STATE.

BY

H. C. CAREY.

PHILADELPHIA:
J. B. LIPPINCOTT & CO.
LONDON:—TRÜBNER & CO.
PARIS:—GUILLAUMIN & CO.
1858.

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LETTERS

TO THE

PRESIDENT OF THE UNITED STATES.

LETTER FIRST.

SIR: — In common with a large portion of our fellow-citizens, I have looked with much anxiety for the appearance of your Message — hoping for some suggestions tending towards the relief of the community, from the accumulated evils under which it now so severely suffers. In this, however, I have been disappointed, having found therein, only the assurance, that, while the government "cannot fail deeply to sympathize" with the people in their distresses, it is wholly "without the power to extend relief" — the cause of difficulty being to be found in the vicious action of the local institutions, which are beyond the reach of any action of the central government. For more than forty years, as we are here assured, the history of the country has been one of "extravagant expansions in the business of the country, followed by ruinous contractions. At successive intervals," as you continue to say, "the best and most enterprising men have been tempted to their ruin by excessive bank loans of mere paper credit, exciting them to extravagant importations of foreign goods, wild speculations, and ruinous and demoralizing stock-gambling. When the crisis arrives, as arrive it must, the banks can extend no relief to the people. In a vain struggle to redeem their liabilities in specie, they are compelled to contract their loans and their issues; and, at last, in the hour of distress, when their assistance is most needed, they and their debtors together sink into insolvency."

For all these difficulties, we are, as you have here informed your constituents, indebted to the excess of power in the States. "The framers of the Constitution," in your opinion, having given

"to Congress the power 'to coin money and to regulate the value thereof,' and prohibited the States from coining money, emitting bills of credit, or making anything but gold and silver coin a tender in payment of debts, supposed they had protected the people against the evils of an excessive and irredeemable paper currency. They are not," in your opinion, to be held "responsible for the existing anomaly, that a government endowed with the sovereign attribute of coining money and regulating the value thereof, should have no power to prevent others from driving this coin out of the country, and filling up the channels of circulation with paper which does not represent gold and silver."

The Constitution having, in this respect, as you suppose, proved a total failure, the remedy is, as you seem to think, to be found in increasing the power of the Federal government, at the expense of those of the States. Admitting the facts to be precisely as you appear to think them, you are certainly right, and the sooner we make the change, the better will it be, not only for ourselves, but for the world at large — so frequently disturbed by revulsions consequent, as it would seem, upon the existence of our Federal system. Before, however, deciding, that the fault does really lie with the States — and, still more, before deciding to make a change in that direction, it would, as it seems to me, be well, calmly to review the past — giving the facts in the precise order of their occurrence, and thus enabling our fellow-citizens to determine for themselves, whether the difficulties you have so well described, have had their origin in the excess of central, or of local, action. Such an examination might prove, that the cause of those revulsions lay with the central government; and, if so, then, any motion in the direction you have indicated, would but augment the evils under which we suffer. Firmly believing that such would be its result, I am induced to address to you this letter — doing so, in the full confidence, that you would much rejoice in having it demonstrated, that, the cause of error *not* being found in the local action, we might safely permit the Constitution to remain untouched — leaving the local authorities to continue in the exercise of all the powers not expressly parted with, when the sovereign States united in the formation of our present Union. — It being the tendency of power to steal from the hands of the many to those of the few, "liberty," as has so well been said by one of your illustrious predecessors, "can be maintained, only at the price of eternal vigilance;" and if, by reason of failure in its exercise, we should, under your guidance, make any step in a direction adverse to freedom, it would to you, I am well assured, be cause of great and permanent regret. Without apology, therefore, it is, that I ask your attention to the following brief summary of our history, in the past half century.

From 1807 to 1815, we were, in a great degree, driven from the ocean, and forced to look homeward for our commerce —

non-intercourse laws having followed closely on the heels of an embargo, and that, in its turn, having been succeeded by a war with England. Manufactures had, of course, grown rapidly — making a market at home for all the products of the earth, and enabling the consumers and the producers to take their places by each other's side. As a consequence of this it was, that after the close of the war, there existed, throughout the country, a degree of prosperity such as had never before been known. Farmers and planters were rich, for the prices they obtained were great. Mechanics were prosperous — their services being everywhere in demand. The revenue was large, for the people could afford to pay for the products of foreign lands. The government was strong, for it was rapidly diminishing the public debt.

Less than two years later, however, the whole was changed — the duties on imports having then been much reduced, and *ad valorem* duties, to a considerable extent, substituted for those which had been specific. The consequences of this speedily exhibited themselves, in the extensive closing of manufacturing establishments — in the creation and failure of numerous banks — in the decline in price, of all the products of the farm and the plantation, and the ruin of farmers and planters — in the diminished demand for labor — in the growth of pauperism — in the export of specie — and in a growing public debt. Free trade had found the country, in 1816, in a state of high prosperity, but it left it almost ruined.

With the year 1824, there came a partial change, followed, in 1828, by a more extensive one — the central government then changing its policy from a free trade to a protective one. Here, again, the effects were speedily seen, in the revival of manufactures — in the demand for the products of the earth — in the import of specie — in an increase of the public revenue, so great as to require the emancipation of tea, coffee, and other commodities, from all contribution to the public revenue — in the final extinction of the public debt — in a general prosperity, public and private — and in a feeling, throughout the community, of strength and power, far exceeding even that which followed the return of peace, in 1815. That prosperity, however, was a quiet and tranquil one — there having been but little speculation, and, therefore, little tendency towards the creation of unnecessary banks. The few that had been created, had found their places in the Eastern States. The total number in 1830, was but 321, against 307 that had existed ten years previously; and the increase in the amount of capital, was but $3,000,000 — the $107,000,000 of 1820, being represented in 1830, by $110,000,000.

Again, however, in 1834, the system of the central government was changed—provision having been made in 1833 for the gradual passage from a protective to a merely revenue tariff, the last stage of which was to be reached in 1842. Numerous banks were now

again created; enormous foreign debts were incurred; and the result was seen, in the insolvency of the banks — the ruin of the merchants — the prostration of the farmers and planters — the drain of specie — the repudiation of States — and the bankruptcy of the treasury — the government itself being reduced to the use of inconvertible paper money, as the only means by which the machine of state could be kept in motion.

Once again, in 1842, the system of the central government was changed — a highly protective tariff having been substituted for the revenue one of 1841–2. Few, if any, banks were now created; foreign debts were now paid off; banks now resumed payment; merchants became, once again, prosperous; specie flowed in; States became again able to collect their taxes, and thereby redeem themselves from the disgrace of repudiation; and the revenue increased rapidly, while the peaceful policy of the country greatly facilitated reduction in the sums demanded from the treasury. Peaceful and quiet prosperity was the characteristic of this period — there having been no speculative movement whatsoever, and, therefore, no inducement for any extension of the number of institutions employed in money operations. At no period in the history of any country, had there existed so high a degree of confidence in the future, as was found here existing, in the year which preceded the enactment of the revenue act of August, 1846.

By that act, the system of the central government was once more changed — protection having been abandoned, and the tariff having been adjusted with reference to revenue alone. It has now been in existence eleven years — years characterized by an amount of instability and uncertainty in all commercial affairs, almost equal to that which existed in the period which embraced the embargo and non-intercourse acts, and the war which followed. Banks innumerable have been created. Prices have risen and fallen repeatedly — the changes having been great, almost beyond all previous precedent. Flour and cotton have, at times, been lower in price than had ever before been known; while, at others, they have exhibited a tendency towards rising to the point at which they had stood at the passage of the free trade act of 1816. The result is seen in the fact, that the manufacturers and the merchants are ruined — that the number of persons unemployed is great, beyond all former precedent — that the prices of all our staples are falling with great rapidity — that our ships are unemployed — that our banks have again been driven to suspension—that the revenue has failed — and that, notwithstanding the receipt of hundreds of millions of Californian gold, the government is reduced again to the necessity of using an inconvertible paper money, as the only means of keeping itself afloat.

In a state of barbarism, theories abound, and they do so, because, in default of knowledge, almost every occurrence is regarded as accidental, or is attributed to the direct interposition of some

imaginary being, good or evil, as the chance may be. With time, however — the regular succession of cause and effect coming to be understood — men, by degrees, arrive at the knowledge of the existence of *laws*, by which the movements of both men and matter are governed. What, then, is the *law*, that may be deduced from the above brief history? In reply, it may be said, that *in every case in which the central government has moved in one direction*, few banks have been created — speculation has been trivial — specie has flowed in — the credit of the banks has been maintained—manufacturers, merchants, farmers, and planters, have been prosperous — States have paid their interest — the revenue has been abundant, and the public debt has been diminished — leaving, to the succeeding policy, a people in a state of high prosperity — a community growing in power, and in the respect with which they have been regarded — and a government becoming, from day to day, more independent in its action.

On the other hand, we see that *in every case in which it has moved in an opposite direction*, the reverse effects have been produced — many banks having been created — speculation having been carried to the pitch, almost, of frenzy — specie having flowed out — the monetary institutions of the country having been, on both the last occasions, driven to suspension — manufacturers and merchants, farmers and planters, having been ruined — stay-laws having been enacted — States having repudiated their debts — revenue having declined until it has almost ceased, and the public debt having increased — leaving to the succeeding policy, a people in a state of ruin, a community declining in power and in the respect of the world, and a treasury almost bankrupt.

Such being the facts presented for consideration, on a survey of the policy of the country, for the long period of fifty years, the law to be deduced therefrom, would seem to be as follows: *Under the system which looks to bringing together the producer and the consumer, the community increases in strength, wealth, and power;* whereas, *under that, which looks to separating the consumer and producer, and is known as "free trade," it declines in all — becoming daily poorer, weaker, and more dependent.*

That being *the law*, it would seem to follow that the cause of ruin is to be found in the central government; and that it is to a modification of its action, and not to that of the local governments, we should look for remedies for existing evils. That such is certainly the case, I propose to offer further evidence in another letter — remaining meanwhile, with great respect,

Your obed't servant,

HENRY C. CAREY.

Philadelphia, December 21*st*, 1857.

LETTER SECOND.

To insure to the people a sound circulation, appears to you, Mr. President, to be "one of the highest and most responsible duties of government" — the one, too, requiring "the utmost possible wisdom and skill," so to adapt it to "the wants of internal trade and foreign exchanges," as to prevent fluctuations in the value of property, such as the American historian is so frequently called upon to record. "Unfortunately," however, in your estimation, "under the construction of the Federal Constitution, which has now prevailed too long to be changed, this important and delicate duty has been dissevered from the coining power, and virtually transferred to more than fourteen hundred State banks, acting independently of each other, and regulating their paper issues almost exclusively by a regard to the present interest of their stockholders."

Such being the unhappy results of our Federal system, the central government cannot, as you say, "do much to provide against a recurrence of existing evils." Utterly powerless itself for good, while surrounded by local governments all-powerful for evil, all that it can do, is, to "rely upon the patriotism and wisdom of the States for the prevention and redress of the evil. If they," as you continue, "will afford us a real specie basis for our paper circulation by increasing the denomination of bank notes, first to twenty, and afterward to fifty dollars; if they will require that the banks shall, at all times, keep on hand at least one dollar in gold and silver for every three dollars of their circulation and deposits; and if they will provide by a self-executing enactment, which nothing can arrest, that the moment they suspend they shall go into liquidation, I believe that such provisions, with a weekly publication by each bank of a statement of its condition, would go far to secure us against future suspensions of specie payments."

That efforts will be made to do these things is highly probable, but to what purpose? None, whatsoever! The records of our State legislatures, for the last twenty years, present to view a host of laws, having for their object the production of a state of things such as you here desire; and yet, on the first occasion, they are set aside, and as unhesitatingly, by the same legislative bodies, as has been the famous provision in the Charter Act of the Bank of England. Why is this? — Because the regulation of the currency, on this side of the Atlantic, has been in the hands of men, as little capable of executing that "highest and most responsible of the duties of government," as Messrs. Overton and Peel are proved to have been on the other. The provision of the English law being—

like those in our own charters — based upon a fallacy, has now been twice suspended; and suspended it must again be, whenever the time shall arrive, that its services will again be needed. So is it, and so must it continue to be, with all similar provisions in the charters of this country — as long as the action of the central government shall continue to be hostile to the establishment of a perfect currency; for there, and not with the local institutions, lies the difficulty, as you may rest assured.

Let it be supposed, however, that the States continue to pursue their own course — doing, in the future, precisely as they have done in the past — creating banks *ad libitum*, and not providing, effectively, for carrying out the plan that is here suggested. That they will not so provide, seems very evident. More than twenty years since, one of your predecessors denounced banks and bank notes, in terms as strong as those now used by you; and since that time, their denunciation has constituted an essential portion of the creed of the great democratic party — that party of which you, sir, are the representative; but, with no other effect, as yet, than that of more than quadrupling the number of banking institutions — the 328 banks of 1830 being now represented by more than 1400. — This being progress backward, with what reason can we look for such a change in the modes of thought, as would produce a movement in the direction you desire? As I think, with none. — If then, the facts be as you hold them to be — if the difficulty does really rest with the local governments — and if our only chance of remedy is to be sought in State discretion — then are we truly helpless; and then is our Federal system a total failure. — Fortunately, such is not the case. Fortunately, the difficulty does not lie with the States, as you, I am sure, will gladly be convinced, after reading the brief sketch of our banking history, that will now be made.

American banking had its origin in New England — the good sense of its people having early taught them the advantages that must result, from having places at which those who had money to lend, could readily meet those who desired to borrow — both parties being thus relieved of all necessity for the employment of middlemen, in the arrangement of their exchanges. From the close of the war, in 1783, to 1811, the average number of banks in existence, throughout the New England States, was 16; while the number of failures in all that period — embracing, as it did, the years in which, under French decrees, and British Orders in Council, the seas were swept of American ships — was only four.

Taking now a longer period, the half century from 1785 to 1835 — embracing not alone the times of piracy on the ocean, above referred to — of embargoes and non-intercourse laws — but, also, those of the war of 1812 — of the disturbed period that followed close upon the peace — and of the celebrated crisis of 1825 — we find the number of banking institutions to have averaged no less

than sixty; while the total number of failures, in the whole half century, was only twenty, or two in every five years, of a period of greater commercial disturbance than had ever before been known. Of these failures, five took place in Massachusetts; but by these the public suffered little, if any, loss. One paid all its debts. A second, it is believed, did the same. Of the third, the bills outstanding, at the date of its stoppage, were but $27,000. The remaining two certainly paid every outstanding claim, except $19,878; and it is not now certain, that even that small sum was not subsequently paid. Admitting, however, that it remained unpaid, the total loss to the people of Massachusetts, in a period of fifty years, from dealing with banks, was less than $1000 per annum, and not more than *one dollar in every million*, — or *the ten-thousandth part of one per cent.* — of the transactions whose performance had been facilitated by the existence of such institutions, and by the substitution of bank notes for a metallic currency. — Small, even, as is that proportion, it might, as I think, be much reduced — it being based upon the idea, that the operations facilitated were but forty times the amount of the capital; whereas, it might be almost safe to place them at four hundred times that amount — in which case, the proportion of loss sustained, would be only *the hundred-thousandth part of one per cent.*

I pray you now, Mr. President, to reflect upon the quantity of service rendered by banks, in collecting, guarding, and transferring property—all of this work being done, without charge of any kind; and to determine for yourself if, in any other case, so large an amount of service is rendered at so small a cost. The broker charges an eighth, or a quarter per cent., when he arranges a transfer of stocks. The wholesale dealer charges $2\frac{1}{2}$, or 5 per cent. The retailer takes 10, 15, or 20 per cent.; but the bank performs an amount of service — *whose sum is equal to the total amount of the exchanges of society, in which money is used* — charging nothing whatsoever. Sometimes, a banking institution, badly managed, falls into difficulty. So, however, is it with brokers and commission merchants. In the case of these latter, however, the loss is generally almost total; whereas, in that of the banks, the loss falls almost exclusively upon those who had done the work — the stockholders.

Seeing the facts to be as I state, I would ask you, Mr. President, to say, if you had been a resident of Massachusetts — and what is said of that State is almost equally true of all New England, in the period above referred to — would you have been pleased, whenever you had a large amount of money to receive, to find yourself compelled to carry your silver on your back, or in a wheelbarrow; or to pay a commission to have it converted into gold, in order that you might be enabled to transfer it from place to place; and to do all this, too, because it had been determined that it was the duty of "the government" to furnish a currency—

that that duty required great "wisdom and skill" — by the application of which, it had arrived at the conclusion, that shopping with bags full of dollars was far more convenient and agreeable than the performance of the same operation, with the aid of pocket-books filled with pieces of paper, by means of which this property in money could be transferred without the necessity for hauling the silver, or the gold? That you would have preferred the notes, I feel assured.

In New York, the banks, in the thirty years prior to 1837, had averaged 26 in number; and the total number of failures had been 16; or about one-half of one per cent., per annum. The losses, however, fell so almost exclusively upon the stockholders, that if we here estimate the risk of loss to the community, by reason of dealing with banks, or of using bank notes, at a single dollar in a million, it is much beyond the truth.

In Pennsylvania, the average number of banks in existence, in the same period, had been 29, and the total number of failures had been 19 — nearly all of them, in the calamitous period that followed the adoption, by the central government, of the free trade policy of 1816–18. Being an agricultural state, Pennsylvania suffered heavily from the great depression in the prices of all her products, when she lost the domestic market that had been supplied by mines and furnaces at home, and factories and furnaces in other States. From 1820 to 1837, there were but three failures, all of them trivial in amount. In that period, all the loss to the people of the State, from trading with banks, or from the use of bank notes, was not even a single dollar in a million — that having been all the price they had paid, for the vast amount of services performed by their banking institutions.

Passing thence south and west, we find, at every stage, a diminishing density of population, attended with increase of risk. South of Pennsylvania and of the Ohio river, there were, in the period ending in 1836, no less than 84 failures, while, west of that State, the number was 27. Nearly the whole of them had resulted, as had those of Pennsylvania herself, from the premature attempt to establish shops for the purchase and sale of money, in regions where all desired to buy, and none had that commodity to sell. The consequences were such as might well have been anticipated. After fruitless attempts to establish themselves in business, they stopped payment — doing thus, as would be done by an individual who had engaged in a pursuit for which the community was not prepared.

North and east of the Ohio river, the total number of failures, from the first institution of a bank, to the year 1836, was precisely 65; or, less than one-half of the failures of private bankers, in England, in the years 1821–26 — a period in which there was no extraordinary occurrence — no change from war to peace, or

from peace to war — to produce a feeling of insecurity, or to be the cause of loss.

Including all the States, north, south, east and west, the number of failures, from the date of the first bank, had been, in 1836, less by one-fourth than those of England, in the three years, 1814–16; and the amount of loss sustained by the American public in a century, had not, as I believe, been one-twentieth as great, as that of the people of England, in three short years.

Since 1836, there has been a change, the causes of which will be shown in another letter.

Yours, very respectfully,
HENRY C. CAREY.

Philadelphia, December 23d, 1857.

LETTER THIRD.

HAVING small respect for authority, General Jackson attached little value to the labors of Hamilton and Madison, commentators on the Constitution; or to those of Jay, Ellsworth, and Marshall — the men, Mr. President, to whom we owe those early decisions, which laid the foundation of our constitutional law — decisions fully acquiesced in, by all the distinguished men who had preceded him in the Presidential chair, from Washington to the younger Adams. Preferring his own construction of that instrument, he was little more than seated in the high position to which he had been called, than he commenced suggesting doubts, as to the power of the government to delegate to individuals, the power to exercise, throughout the Union, the banking privilege. In his view, *a State bank*, based upon the public revenues, and managed of course, by officers of the general government, would have been greatly to be preferred.

Centralization being now the order of the day, and Congress failing to obey his orders, we find him next, on his own motion, withdrawing the public moneys from where they had been placed by Congress — and, at his sovereign will and pleasure, dividing them among the local institutions. Next, he is found, urging the States to the creation of local banks, to replace the great institution with which he was now at war. That done, we see him next, declaring war against all banks and notes — the whole power of the central authorities being now exerted, for the coercion of the States into the prohibition of bills of the smaller denominations. Gold being now regarded as the one thing needful, it was, as we were told, to be made to "run up the Mississippi;" and, that it might do so, the standard was changed — the exchangeable value of gold, as compared with silver, having been raised to 16 to 1. Following on this, we have an order to the receivers of the revenue, to accept of nothing but the precious metals — notes of all denominations being thus discredited, that the people might be induced to make a run upon the banks. Now, for the first time in the history of the world, do we find a regularly organized government engaged in a war to the knife against credit, in all its forms; and now, for the first time in a period of peace, were the banks of the Union compelled to close their doors, against those who desired payment of their notes. Next, we find the Treasury demanding additional powers, and gently intimating that by aid of the public revenues, the domestic exchanges might be much facilitated. On one side, the Postmaster-General desires that his agents may be employed in the transmission of private funds; while, on another, the attention of Congress is spe-

cially invited to the advantage that would result from the institution of a government office, charged with the issue of paper money — thereby superseding the local institutions altogether. The war thus commenced, has since been followed up — the use of circulating paper having been repudiated by the government — vaults having been constructed, in which to store the public treasures — and the standing topic of denunciation, at conventions of towns and cities, counties and States, and of the Union itself, having been banks and paper money. The result is seen, in the fact, that gold has ceased to circulate, and that the treasury is driven to the use of inconvertible notes.

Such is the history of banking in the United States, since the peace of 1783 — a period of seventy-five years, during the first fifty of which, the power reserved by the States had been respected — and that, too, most scrupulously — by Washington, Adams, Jefferson, Madison, Monroe, and the younger Adams; whereas, since that time, there has been an unceasing effort to weaken the States, while strengthening the central power. How far the one, or the other, of the systems thus described, has tended to increase the security of persons and of property, by giving to the people that which you, Mr. President, so much desire, "a sound circulating medium," the amount of which "has been adapted with the utmost wisdom and skill" to the needs of commerce — thereby insuring that "the market value of every man's property" shall not, by reason of its fluctuation, "be increased or diminished" — and thus preventing "the incalculable evil" that might otherwise be produced — is shown in the following brief *resumé* of the above short history.

For nearly half a century — during which, banks, and their circulation, had been left, in accordance with the Constitution, under the control of the local legislatures, their number was so prudently increased, that, at its close, it was only 328. In half that time, during which the central government has undertaken to supersede the State authorities, it has grown to more than 1400.

For half a century, during which the State authorities remained undisturbed, neither the people nor the government ever failed, in time of peace, to be supplied with coin for circulation. In half that time, under the direction of the central government, both government and people have twice been driven to the use of an irredeemable paper circulation.

For half a century, the State authorities so managed the banking system, that no general suspension ever occurred, except when — *at the instance of the general government, and after having largely aided that government, in the then existing war against Great Britain* — they stopped in the autumn of 1814, and remained suspended, until the return of peace enabled them once again to resume their operations. In half that time, since the central government has assumed to supersede the local ones,

there have been two suspensions that have been general; and a third, in which were embraced, all the States that had followed the lead of the central power, in prohibiting the use of the smaller notes — *the only States that did not then suspend, having been those which had persisted in the determination to regulate their currency for themselves.* Once again, the suspension has ceased to be general; and I would now, Mr. President, ask your particular attention to the fact, that all the States, with, I believe, but one exception, that use small notes, have now resumed, while *all of those, with one exception, that have prohibited the smaller notes, remain suspended.*

Such, Mr. President, are the facts, and being such, they furnish, as I think, a reply that is most conclusive to the argument you have just presented, in favor of an extension of the central power. All of them having passed before your own eyes, all of them have been known to you, but, by reason of the unceasing demands upon your time, in the various honorable offices you have been called to fill, many of them had, doubtless, escaped your recollection. Had it been otherwise, you certainly would have hesitated, before recommending any enlargement of a central power, whose injurious influences had been so fully demonstrated.

While recognizing the authority of the States, as being beyond the reach of any direct assault, you suggest a mode, by means of which, power may now be centralized in the hands of Federal agents; and yet, the mere fact of the necessity for resorting to means so indirect, would seem to me to furnish proof conclusive of your error. It *is* within the power of Congress to establish "uniform laws on the subject of bankruptcies throughout the United States;" but, it being *not* within it to enact any law, that shall not be of general application to all the people of the Union, the enactment of such an one as that you now suggest, would certainly seem to be a direct violation of the Constitution. How far it is within the power of Congress, to pass a law that shall embrace both individuals and corporations, it is not for me to say; but, certain it is, that eminent jurists have held, and do still hold, that the States did not, when accepting the Constitution, grant to Congress any control, whatsoever, over corporations holding their existence under the local laws. That, however, Mr. President, will be a question of small importance, if I shall have succeeded in satisfying you, that all the monetary difficulties we have experienced, and which you so well describe, have had their origin in the attempt to withdraw from the States, the power reserved to them by the Constitution — in an excess of centralization, and not in any excess of localization.

We are told, however, that the quantity of gold now in the country, amounts to no less than $260,000,000; and are, therefore, urged to force it into use. It may be so, that there is that

quantity; but, if so, *where is it?* A year since, the banks had $50,000,000; and they have no more now. A year since, the sub-treasuries held $20,000,000; now, they have $6,000,000. Adding together these two sums, we have $56,000,000 — leaving $204,000,000 yet to be accounted for. Where may they be found? In use among the people they certainly are not, for the largest calculation of gold and silver *in use*, cannot exceed one dollar per head — giving $30,000,000 as the quantity usefully employed, and leaving $174,000,000 yet to be discovered. Where must they be sought? If anywhere, they are hoarded. Why are they hoarded? Because the government sets the example of hoarding the precious metals, and thus teaches the people what it is, that they themselves should do. Because, for twenty years past, the government, and its friends, have denounced banks as being insecure, and bank notes as being worthless rags. Because, in opposition to the practice of all really enlightened governments, our own has been, for the last five and twenty years, engaged in an almost unceasing war upon private credit. For these reasons it is, that the precious metals are now so extensively hoarded, and while so hoarded, as useful as an equal weight of pebble-stones would be.

How can all this gold be brought into active circulation? An answer to this question, Mr. President, may be found in one of those delightful fables, that you, in early life, must have often read. The wind and the sun differed, one day, as to which could most readily compel a traveller to lay aside his cloak. The wind commenced blowing with all his might; but the harder he blew, the tighter the cloak was held. The sun next tried his hand — darting his warmest beams upon the traveller's head. Forthwith the hold upon the cloak was loosened, and before the lapse of many moments, it was thrown aside. Here, Mr. President, is a great lesson, by the study of which the government might largely profit. For more than twenty years, your predecessors have been endeavoring to *force* the people to the use of gold — seeking to accomplish that object, by means of the annihilation of the credit of banks and individuals; but the effect, as yet, has been only that of driving it out of circulation, and into private hoards, the amount of which is, probably, immensely great. Having played the part of the wind, and failed, let it now, Mr. President, undertake that of the sun — seeking to increase the confidence of the people in one another; and the effect will speedily be seen, in the re-appearance of the gold that is now so useless. Let this be done—let the treasury smile upon the people, instead of frowning upon them—let it make common cause with the producing classes, and not with the merely consuming ones — let it cease to make war upon the powers of the States — and you will have, in your next message, the gratification of offering to your fellow-citizens a picture directly the reverse of that which you have now presented.

Our system finds its base in local, and not in central, action. The tendency of almost all the acts of the Federal government, for the last five and twenty years, having been towards the augmentation of the central power at the expense of that which is local, the injurious effects become more visible, from day to day—human progress, in whatsoever direction, being always one of constant acceleration. That such is the case, is clearly shown in the recommendations of the document now before me — leading, as they inevitably must, to the entire suppression of the power of the States, in reference to that which you, yourself, regard as one of the most important of governmental duties. A closer examination, and more careful study of the facts here given, would, as I think, have satisfied you, that it is to the centralizing tendencies of recent years, we owe the extraordinary demoralization to which your attention will next be called, by

Yours, with great respect,

HENRY C. CAREY.

Philadelphia, December 25th, 1857.

LETTER FOURTH.

STEADINESS and regularity, Mr. President, are the characteristics of advancing civilization. Instability and irregularity, those of advancing barbarism. The first are found, as you have seen, and in a degree that is quite remarkable, in the half century during which the local authorities controlled our banking operations — there having been, as has been shown, no instance of general suspension, in that long period, except in 1814, and then, at the instance of the central government; whereas, in the five and twenty years, in which the local authorities have been, to so great an extent, superseded, the suspensions have been three in number. Need we wonder, then, that "a state of crisis may now," in the opinion of foreign journalists, be regarded as "the normal condition of the great republic of the West?" Assuredly not! It is the natural result of a centralizing policy, that at one time, urges upon the people the creation of banks, and at another, denounces such institutions as wholly unworthy of credit — of a policy that, at one moment, squanders the public property with a view to the extension of railroads, and at another, urges the passage of a special bankrupt law, with a view to secure to the central government, the exclusive control of both banks and roads.

Instability tends to increase the wealth of the few who are rich — while impoverishing the many who look to the sale of labor for the means of obtaining food for their wives, their children, and themselves. It impoverishes the active and useful members of society; but it enables the idle and the useless to accumulate fortunes, at the expense of those who make roads, build mills, and open mines, and thus increase the productive powers of laboring men. Instability has been, since the central government undertook the regulation of the currency, the essential characteristic of our policy, and hence it is:

That, notwithstanding grants of land by millions, and tens of millions, of acres, for the construction of railroads, and notwithstanding an unceasing effort to promote the carrying interest, at the expense of the producing one — railroads and canals, that have cost $1,000,000,000, have fallen to less than $400,000,000, and their proprietors are ruined.

That, the factories of the country, too, are in a state of ruin. For years, they have struggled against the tide, but now, the tide has overwhelmed them — reducing to a state of poverty, thousands of the men to whose unceasing efforts, we have owed the introduction and perfection of the most useful manufactures. Hundreds of millions have been expended upon the creation of

magnificent works, whose value might now be counted by little more than tens of millions.

That, the machine shops, too, are closed — machines not being required, when mills have ceased to work.

That, the mechanic is now, everywhere, turned adrift, to seek in scratching the soil, the means of support that his trade will not afford him — he, and his country, thus losing the use of the capital, of knowledge, he had obtained by means of a long apprenticeship.

That his daughters, too, are deprived of work, and not unfrequently, forced to make their election between starvation on the one hand, and prostitution on the other.

That, mines are closed, and miners are driven to seek employment as common laborers — leaving their wives and children to suffer for want of food.

That, hundreds of little capitalists, who had invested their all in the creation of machinery, for facilitating increase in the supply of fuel, are now in a state of ruin — the sheriff selling out their little properties, which are being purchased by the men who are already rich.

That, furnaces capable of yielding hundreds of thousands of tons of iron, are closed, and their proprietors ruined.

That, mines of ore, endless in quantity, and capable of supplying lead, iron, and copper, to the world, — mines, too, that have required vast amounts of capital for their development — are idle; while the men by whom they had been developed, are reduced to poverty.

That, rolling mills, capable of supplying half the iron required for the Union, are closed — to the utter ruin of those who own them.

That, ships, wholly unemployed, are rapidly accumulating in our ports, while the ships themselves as rapidly decline in value.

That, while the commerce of the world tends, everywhere, to seek the aid of steam, and while steamers are fast superseding sailing ships, the people of the Union find themselves obliged to depend, almost exclusively, upon the ships of other nations; and are likely, before the close of your administration, Mr. President, to find themselves without a single ocean steamer, engaged in any trade, in which foreign competition is not, by law, prohibited.

That, the trade with California, upon which we have heretofore relied for supplies of gold, has so far passed away, as to require from us little more than supplies of butter, shoes, boots, and agricultural machines — that being all the commerce now resulting, from an expenditure of labor and capital that, had they been applied at home, would have yielded at least a thousand millions a year.

That railroads and ships, mills and factories, mines and furnaces, are, thus, involved in one common ruin — the depreciation in the value of all this property, being, at the smallest calculation, $1,000,000,000.

That, the trading interest — so long the almost exclusive object of governmental favor — participates in the general ruin.

That, the owners of houses are unable to collect their rents; and that, their property declines in value, while the taxes are increased.

That the farmer finds his consumers declining in number, while his competitors are as rapidly increasing — the system of the country tending, as it long has tended, towards forcing into the work of cultivation all who thus far have found, or should have found, employment in mills, machine shops, mines, and furnaces; and that, he has now before him, should Providence favor him with liberal crops, the prospect of seeing flour at a lower price than has ever yet been known.

That the planter has before him a reduction in the home demand for his commodity, to the extent of 250,000 bales; that, almost simultaneously with this decreased demand, his crop is likely to be four times as much increased: and that, therefore, should he be favored in the seasons, he, too, is likely to see his staple reduced to a price lower than he has ever seen.*

Taking the probable reduction in the value of land, and in that of slaves, at only $1,000,000,000, and adding it to that in railroads, mills, mines, and furnaces, we obtain the sum of $2,000,000,000. Adding now, thereto, the reduction in the value of real estate, other than farming and planting land, we shall obtain a sum of not less than $2,500,000,000, as the total amount reduced; and it may be almost twice as much.

Somebody profits by all this loss. Who is it? The mortgagee, who enters upon possession — first selling out his poor debtor, whether the little farmer of the West, or the great proprietor of mills, mines, or furnaces in the East.—The usurer, who obtains one, two, three, or even five per cent. per month, until the poor borrower is ruined.—The government official, whose salaries and perquisites have been already doubled, trebled, and quadrupled, and will be now increased in value, while the working men around him suffer, if even they do not perish, for want of food.—The member of Congress, whose salary has been doubled, because of the rise in the price of food, and will so remain, now that its price has fallen. — The non-producers are thus enriched, while the men of enterprise, and the laborers, are despoiled.

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* In the four years which followed the bankruptcy of 1841, when speculation had ceased, and when all were required to work, the cotton crop was greater by a total of 2,000,000 bales, than in the four previous ones. Nine years since, the crop had reached 2,800,000 bales; and now, with favorable seasons, there exists no reason why it should not attain the quantity of 4,000,000 bales. The land is prepared for it, and the people are there to work it. The crop must largely increase, and the European demand must lessen, because, with the decline in the price of food, *of which our policy will be the cause*, the ability of European farmers to purchase cloth must decline.

Turning now to the Treasury, we find it already bankrupt, even at the commencement of this downward movement. Irredeemable paper being now to be substituted for gold and silver, the influx of foreign merchandise, and the efflux of the precious metals, will be much promoted; and thus will the way be smoothed, towards total bankruptcy, such as was witnessed in 1841 and 1842.

Such, Mr. President, being the material condition, present and prospective, of your fellow-citizens, we may now, for a moment, turn to their moral one.

Commencing with the central government and its capital, we find an amount of official corruption not exceeded in the world, outside of the Turkish Empire — the affairs of the Union, for the past few years, having been administered with a single eye to the profit of official persons and their friends, and not with reference to the interests of the people. Passing thence, to town, city, and county administrations, we find a continually growing power, on the part of the central government, to control and direct their elections, with correspondent growth of fraud and peculation.

Turning now to the commercial capital, I find its situation thus described in a journal of the day; and unfavorable as is the description, none, as I think, can deny its truth:

"There is no town in Christendom where, in proportion to the population, an equal amount of crime is annually committed. We do not go much beyond the letter of the fact, when we say that murder is a thing here of daily occurrence. Villanous and dastardly outrages are nightly perpetrated in the streets, and sometimes in the open light of day. The city is the head-quarters of the rogues, thieves and pickpockets that are scattered throughout the country, and is the main theatre of their operations. Nowhere else in this country does vice plant itself so openly, and with such impunity. Nowhere is so much countenance given to rowdy gangs, that keep quiet people in terror. Nowhere have things gone on from bad to worse so rapidly, until it is at length apparent that unless some speedy change comes over the police management in New York, and the administration of the criminal courts, a state of anarchy will ensue, or honest citizens will be driven to organize, and take the law in their own hands."

Passing outward from New York, we find a rapid growth of rowdyism and intemperance, with corresponding decline in the security of person and of property — frauds, peculations, seductions, murders, and crimes of every kind, increasing with such rapidity, as fairly to warrant the assertion in a recent Southern journal, that "the United States are fast becoming a very stench in the nostrils of mankind."*

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* "It is useless to wink at the fact. Villany, in every shape, is celebrating its horrid gala-day throughout the United States. Details of murders in our

Such, Mr. President is the material and moral condition of the people, to the administration of whose affairs you have recently been called. Desiring to find its parallel, you will be led, most naturally, to look to the closing years of the free trade period, which preceded the passage of the protective tariff of 1842. Seeking its opposite, you will be led, as naturally, to look to the closing years of the protective periods, established by the tariffs of 1828 and 1842 — years, in which the country presented to view a picture of peaceful and quiet progress, such as the world had, theretofore, never seen.

The tendency towards the establishment of a sound morality, Mr. President, in every country of the world, has been in the direct ratio of the steadiness and regularity of the societary movement — the gambling tendencies of the barbaric ages then tending to disappear. That principle being admitted, I would ask you to study the action of the central government, from the day on which it assumed to control the monetary movement of the country, and satisfy yourself, as you readily may, that to its vicious course of action, and not to error in the local governments, we owe the demoralization that now exists. As a member of the old Federal party, you will, I am sure, rejoice to find this fact established. That you may do so, I would beg you to look to the urgent recommendations of 1835, for the establishment of State banks,

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cities fill the columns of the journals. One reads of butchery until the very letters in the printed columns appear bloody; of arsons, until the light of conflagration seems to throw its lurid glare throughout the apartment; of fraud, until a line of sleek, hypocritical, would-be-respectable men range themselves before us; and of crimes yet fouler and more bestial, until we tremble lest the lightnings of offended Heaven should descend from a cloudless sky, and overwhelm the earth in ruin."—*Miner's Journal.*

"Official roguery has been rampant. There are customs prevalent, established by precedent, and endorsed by long usage, which, if now done for the first time, would be deemed larceny. The eagles are gathering together to-day at the Federal capital, and the jobbing, peculation, vote-yourself-a-prize system, will soon be in full operation. Common usage has given to certain doubtful practices the stamp of legality. He would be regarded as very verdant, and exceedingly unsophisticated, who should presume to call things by their right names in Washington, or to hint that the private gentleman who had so wasteful an array of servants, as the servants of the people at Washington, would forthwith discharge the whole set without a character. The treasury, one might think, is replenished annually for the benefit of these gentlemen. That they themselves think so, is palpable.— From this centre, the idea of official honesty, in States and municipalities, seems to have taken a like latitudinarian range. The finances of some of our cities are managed in a most unaccountable manner — literally unaccountable, for no accounts are rendered. Immense sums disappear, taxation annually increases, and the deficit keeps pace with the sums assessed. The public credit is shaken, municipal evidences of debt are dishonored, necessary public works stand still, repudiation is practically attempted, and all this time enough is squandered, and disappears by peculation, to keep the treasury more than ready for the lawful demands upon it." — *North American.*

followed by indignant denunciation of both banks and notes, and by the establishment of a department in the *national* treasury, for the supervision of *local* banks, from which is issued, annually, an enormous mass of figures, arranged with the intent to deceive their readers into the belief, that those who place confidence in banks will be defrauded. Look, next, to the speculations in public lands, which *always follow the adoption of a policy tending towards the closing of our factories and furnaces*, and thus enable gamblers and speculators to accumulate fortunes, at the expense of the poor emigrants who are driven from the older States. Look, again, to the enormous changes in the value of property of every description, resulting from the three suspensions, in time of peace, that have followed the centralization of the monetary power in the hands of the Federal executive. Look, then, to the facts, that "free trade," the control of the central government over the currency, and the doctrine that "to the victors belong the spoils," had their origin at the self-same period. Further, look to the fact, that an *ad valorem* system, offering, as it does, a bounty upon the perpetration of fraud, drives the honest merchant from the business of importation. Look, I pray you, to the great fact, that, since the day on which the centralized system was adopted, the expenditures of the government have been *quintupled* — and that nearly seventy millions of dollars, *per annum*, are now, at every election, put up to the highest bidder. Look at the enormous changes in the prices of all our staples, consequent upon that exclusive dependence upon foreign markets, which it is the object of the centralized system to establish. Look at the gambling spirit, and the recklessness thereby engendered, and you will be at no loss to account for the demoralization that is in progress — a demoralization whose growth has, in the last few years, been more rapid, than in that of any country recorded in the history of the world. Having studied these things, Mr. President, you will, I think, be disposed to agree with me in opinion, that while the central government shall continue to pursue a course that, in effect, offers bounties for the perpetration of frauds and villanies, there can be no hope of change; and that, unless there be a change, the day must speedily arrive, when the people, in their distress, will be found calling upon Providence, in its mercy, to send them a dictator, and thus relieve them from the oppression of that worst of all despotisms, a centralized democracy.

Hoping, Mr. President, that, under reforms that you may institute, the State authorities may become re-instated in the possession of the powers of which they have been deprived, and that we may thus be enabled to retrieve our reputation,

I remain, very respectfully, your obed't servant,

HENRY C. CAREY.

Philadelphia, December 28th, 1857.

LETTER FIFTH.

JUNIUS tells us, Mr. President, that "the ruin or prosperity of a state depends so much upon the administration of its government, that to be acquainted with the merit of a ministry we need only observe the condition of the people. If," as he continues, "we see them obedient to the laws, prosperous in their industry, united at home and respected abroad, we may reasonably presume that their affairs are conducted by men of experience, abilities, and virtue. If, on the contrary, we see a universal spirit of distrust and dissatisfaction, a rapid decay of trade, dissensions in all parts of the empire, and a total loss of respect in the eyes of foreign powers, we may pronounce, without hesitation, that the government of that country is weak, distracted, and corrupt."

The first of the pictures here presented exhibits the state of the American Union at the close of the war in 1815; again in 1834, at the date of the repeal of the protective tariff of 1828; and again in 1847, when the act of 1842 ceased to be the law of the land. The second is found on an examination of the condition of the country, in the period from 1818 to 1824, when protection had ceased, and when the legislatures of numerous States had found themselves compelled to stay the action of the laws for the collection of debts; again in 1841–2, when "stay laws" were again resorted to, and when the Federal goverrnment was nearly bankrupt; and, lastly, at the present period, when there reigns "a universal spirit of distrust and dissatisfaction" — when there are "dissensions in every part of the empire" — and when the "respect of other powers" has so nearly ceased to have existence.

In proof that such is the case, and, that the Union is rapidly declining in the estimation of the people of other nations, I beg to offer you the following extract from a work just published, the author of which is not to be suspected of any disposition to magnify the changes he discovered: —

"It is very evident, as I converse with people here, and in other parts of Northern Europe, that a great change has come over the popular feeling towards America, since I was last on the Continent, five years ago. Then America was the ideal everywhere to free-thinking and aspiring men. The oppressed looked hopefully to it; the philosopher found the confirmation of his theories of human liberty there; the hard-working, the politically degraded, the idealists, the struggling masses, felt that the Western Republic was especially for them, and even if they could never share its privileges, they were happy that humanity had at length looked on such a glorious effort. The reports of the common

freedom, of the education of the masses, of the high morality prevailing, came over even exaggerated, and silenced the enemies of popular rights, and converted many doubtful. One felt the effect of all this, as a traveller. You were not alone; you were the representative of the best thoughts and aspirations of mankind. The warm hand grasping yours, welcomed not you, but a nation of freemen. The rich did not condemn, because property and person had been better shielded under the Republic, than under European monarchies. The poor, the laborers, were espeeially your friends, for was not your land the very land which elevated labor?

"All this is quite different now. You are treated politely, as a stranger; or you are welcomed more or less for what you personally are, but for your country, among the populace you get no welcome. The glory has departed.

"Within five years, various circumstances have opened the eyes of Europe to our real situation, and, as often happens, the people see nothing but our sins. We are simply now a tricky, jobbing, half-barbaric people, where the worst political corruption of the Old World extsts without its refinement; and where brutality, rowdyism, and unlimited despotism have in certain quarters free play. Our politicians and diplomats are despised; our Constitution is sneered at, as inflicting upon us the most disgraceful legislators; and the laboring class and the democrats know that within our limits, a more abominable tyranny over labor and free speech and thought exists, than the worst despotisms of the Continent ever exhibited. There is nothing now in our situation to dazzle the world. They see with clear eye our blackest sins and our miserable political jobbing." *

Such being the state of things in Northern, we may now look to Central Europe, in regard to which, I, myself, Mr. President, can speak. Go where the traveller may, he finds, among thoughtful men — among those who had hoped to find, in this western world, the realization of their brightest hopes, in regard to man's onward progress — a growing doubt in reference to our future. Anxiously do they look across the ocean — dreading to hear of new, and more alarming, riots — new civil wars — new violations of local rights — new marauding expeditions — new aggressive wars. Ten years since, all was different. They would, then, have regarded as a false prophet, the man who had predicted:

That, at the close of a single decade, the regular expenditures of the Federal government, in a time of peace, would reach seventy millions of dollars — being five times more than they had been, but thirty years before:

That the recipients of this large amount, whether contractors, clerks, or postmasters, would be held liable for the payment of a

* *Brace.*—"The Norse Folk," page 24.

formal and regular assessment, to be applied to the maintenance in office, of the men by whom they had been appointed, or those by whom the contracts had been made:

That payment of these assessments, would be made the condition upon which their own continuance in office should depend:

That, coincident with these demands upon the *employés* of the government, all salaries would be largely raised; and that, thus, the treasury should be heavily taxed for purely party purposes, and for the promotion of private interests:

That centralization would be so far perfected, as to enable the Executive to dictate to a body of officials, sixty or eighty thousand in number, all their modes of thought, in reference to questions of public interest:

That a constantly growing difficulty of obtaining — independent of the government — the means of support, and constant increase in the rewards of public service, would be attended with corresponding increase in the number of claimants for office, and in their subservience to the men at whose pleasure offices were held:

That the Executive would dictate to members of Congress what should be their course, and publicly advertise the offices that were to be given, to those whose votes should be in accordance with his desires:

That the growing mental slavery thus indicated, would be attended by corresponding growth in the belief, that "one of the chief bulwarks of our institutions," was to be found in the physical enslavement of the laborer:

That the extension of the area of human slavery would have become the primary object of the government; and that, with that view, the great Ordinance of 1787, as carried out in the Missouri Compromise, would be repealed:

That, for the promotion of this object, the treaties with the poor remnants of the native tribes would all be violated:

That, with the same end in view, wars would be made, piracy encouraged, and territories purchased:

That the Executive power would so far have grown, as to enable it to adopt measures provocative of war, with a view to the spoliation of the weaker neighbors of the Union:

That it would be officially declared that might makes right, and that, if a neighboring power refused to sell the territory whose possession was desired, the Union would then be justified in seizing it:

That the reopening of the slave trade would be publicly advocated, and that the first step towards its accomplishment would be taken by a citizen of the United States — in rescinding all the prohibitions of the Central American governments:

That the prohibition of slavery in a Central American State, would be considered sufficient reason for the rejection of a treaty:

That the substitution, throughout all the minor employments

of society, of slave labor for that of the freeman, would be publicly recommended by the Executive of a leading State:

That, while always seeking territory in the South, the rights and interests of the people would be bartered away, for the sole and exclusive purpose, of preventing annexation in the North:

That it would be declared, that the free navigation of Brazilian rivers was to be obtained, "amicably, if it could, forcibly, if it must":

That the effect would now be seen, in the entire alienation of the other communities of the Western world:

That the legislation of the country, would have fallen almost entirely under the control of navigation, railroad, and other transportation companies; and that legislators would largely participate with their managers, in the profits of enormous grants of money, and of public lands:

That there would have arisen a "third house of Congress"— composed of lobby members, and embracing men who had filled almost the highest legislative and executive offices — abundantly supplied, to use the words of Colonel Benton, "with the means required for conciliating members, and combining interests," and thus securing the passage of almost any bill, the applicants for which were willing, sufficiently liberally, to pay:

That centralization would so far have grown, as to have caused the expenditures of a single city, to almost equal those of the Federal government, but thirty years ago:

That the expenditure of city revenues, and the maintenance of public order, would be in the hands of magistrates, many of whom would be regarded as worthy only of the penitentiary:

That the contest for the distribution of those revenues, would become so fierce, as to cause the purchase of votes to an extent, and at a price, before unknown; and that elections would be carried on by means of bowie-knives, pistols, and even by aid of cannon:

That Lynch law would have found its way into the Senate chamber: that it would have superseded the provisions of the Constitution, throughout the Southern States: that it would have superseded the civil authority, in one of the States of the Union: that the right of the States to prohibit slavery within their limits, would be so seriously questioned as to warrant the belief, that the day was near at hand, when it would be totally denied: that all the decisions of the Supreme Court, for sixty years, favorable to freedom, would, by this time, have been reversed: that the doctrine of constructive treason would be adopted in Federal courts: and that the rights of the citizen would be thus in equal peril, from the extension of legal authority on one hand, and the substitution of the law of force on the other:

That polygamy and slavery would go hand in hand with each other; and that the doctrine of a plurality of wives, would be pub-

licly proclaimed by men holding highly important offices under the Federal government:

That manners, morals, or intellect, would cease to be deemed essential to the representation of the Union, at foreign courts:

That religious discord would so far have grown, that the question of the private opinions of a candidate for the presidency, in regard to matters of religious faith, would be discussed throughout the Union:

That the discord between the Northern and Southern portions of the Union would have reached the point of civil war, attended with a growing disposition, in its various portions, to look complacently upon the idea of dissolution: and, finally,

That Germany, divided and distracted as it was, before the formation of the *Zoll-Verein*, was likely to be reproduced in this Western world—the Union tending steadily towards a dissolution, the result of which would be, that the several fragments would become mere tools in the hands of other powers.

This is a gloomy picture, and yet it is a true one. Not one of these things would, a few years since, have been believed to be of possible occurrence; and yet, with the exception of this last, they are, one and all, now matters of history.

How they have tended to the production of changes in the modes of European thought, is exhibited, Mr. President, in a recent British journal, in which, after showing, that the idea of the vote by ballot, of "manhood suffrage," and of "household suffrage," had nearly passed away, the writer proceeds to say that—

"This revulsion of sentiment and opinion is in a great measure traceable to the spectacle of the American democracy. We owe a deep debt of gratitude to the United States for the pregnant lessons they have taught us, and the timely warnings they have given. * * * A few years ago the substantial, deep-seated, long-descended fabric of English liberty was in danger from the blind but honest enthusiasm of the sincere friends of popular institutions: *now*, if we succumb to that peril, we shall be wrecked with our eyes open. The tide has somewhat ebbed, and the rock is above water. Let us inquire a little more in detail what the warnings that have come to us across the Atlantic are."

The time has been, Mr. President, when you and I, and all of us, were accustomed to believe, that the great republic of the West was to be the pillar of light, guiding the oppressed of the world in their search for freedom. Widely different from this, it has, as here is shown, become *the beacon light*, whose only use is that of warning the world, against the shoals and sands, among which our ship is likely to be wrecked. Turn back, Mr. President, a little in our history—finding the pages in which are recorded the early efforts of the central power to obtain direction of the currency, and you will, as I think, find the origin of all these changes. From that day to the present one, with slight

exceptions, centralization has grown steadily; and yet, strange as it may appear in a patriot like yourself, the whole tendency of your message, is in the direction of further centralization.

The more perfect the form of the ship, the more rapid will be her passage through the water, and the more certainly and speedily will she, under proper guidance, reach her destined port. The more rapid and complete, however, will be her destruction, should her pilot run her upon the rocks that lie in her course — the reaction then produced, being in the direct ratio of her previous action. So is it with nations. The higher their organization, the more rapid is the movement of society, and the more instant is the shock that attends a stoppage in the circulation. The passage of an invading army through Peru, or Mexico, produces little effect, beyond a small destruction of life and property; but a similar event in England, would cause the closing of factories, the stoppage of mills and furnaces, the abandonment of mines, the dispersion of the people, and the suspension of all the machinery of local government. The power of recuperation exists, however, in the same degree — the recovery from the effects of war, in countries like France or England, being much more rapid than it can be, where the societary circulation is languid, and where the waste of property, or of population, can slowly, if even at all, be repaired.

In no country of the world, do the effects of change become so promptly obvious, as among ourselves; and for the reason, that — the political organization being here more natural than in any other — the tendency to rapidity of circulation is so very great. Universal instruction throughout the northern portion of the Union, tends to the production of great mental activity; and, whatever may be the direction in which the ship of State is guided, the movement towards the rocks on the one hand, or the haven on the other, is here most rapid. Such being the case, it is easy to account for the sudden and extraordinary changes, that are here exhibited, and, that so much surprise the people of other lands. In the decade that followed the passage of the tariff of 1824, there was effected a greater improvement than had ever before been witnessed in any country — the people having passed from a state of poverty to one of wealth — the country having become so attractive, as to cause, in the following years, a vast increase of immigration — and the government having passed from a condition in which it required, for its support, to borrow money, to one in which — the public debt having been extinguished — it became necessary to emancipate from duty all the commodities that did not enter into competition with those produced at home. Nevertheless, but seven years later, the people and the government, both, were bankrupt; the circulation of society had almost stopped; and pauperism, to an extent that was alarming, prevailed throughout the country. The cause of this was to be

found in the fact that protection had been abandoned. Again, in 1842, the system was changed; and, before the close of the first five years. the whole appearance of the country was changed — the circulation of society having become rapid, the credit of the people and the government having been restored, and the country having once more been rendered so attractive as to cause a large increase of immigration. Again, at the close of 1846, was the system changed — protection having been then abandoned, and free trade then again inaugurated into power; and now, at the close of the first decade, we witness a decline more rapid, and more pervading, than is recorded in the history of any country of the world.

Why it is, that such are the effects produced, will be shown in another letter, from

Yours, very respectfully,

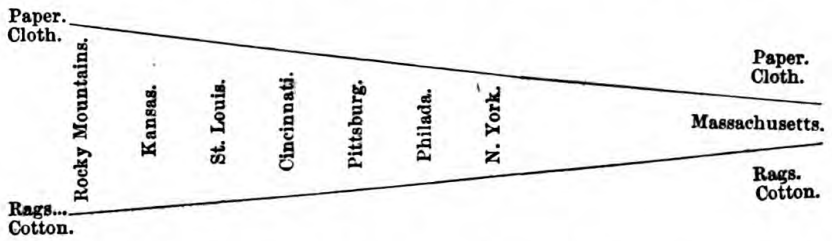
HENRY C. CAREY.

Philadelphia, December 30th, 1857.

LETTER SIXTH.

BEFORE proceeding, Mr. President, to an examination of the manner in which the policy of the central government has tended towards producing the demoralization, that has now become so clearly manifest, I would beg to call your attention to a simple, but highly important, principle of social science, which may thus be stated:

A thousand tons of rags, at the Rocky Mountains, would not exchange for a piece of silver of the smallest conceivable size; whereas, a quire of paper would command a piece so large, that it would weigh an ounce. Passing thence eastward, and arriving in the plains of Kansas, their relative values, measured in silver, would be found to have changed so much, that the price of the rags would pay for many reams of paper. Coming to St. Louis, a further change would be experienced—rags having again risen, and paper having again fallen. Such, too, would prove to be the case, at every stage of the progress eastward — the raw material steadily gaining, and the finished commodity losing, in price, until, at length, in the heart of Massachusetts, three pounds of rags would be found to command more silver than would be needed for the purchase of a pound of paper. The changes of relation thus observed, are exhibited in the following diagram:—



The price of raw materials tends, thus, to rise, as we approach those places in which wealth most exists — those in which man is most enabled to associate with his fellow-man, for obtaining power to direct the forces of nature to his service. The prices of finished commodities, move in a direction exactly opposite — tending, always, to decline as those of raw materials advance. Both tend, thus, to approximate — the highest prices of the one, being always found in connection with the lowest of the other; and, *in the strength of the movement in that direction, is found the most conclusive evidence of advancing civilization, and growing commerce.*

The tendency towards advance in civilization being thus, Mr.

President, everywhere, in the direct ratio of the approximation of the prices of the rude products of the earth, and those of the commodities into which they are converted, the test of the value of every measure, is to be found in its tendency to produce, or to prevent, that approximation. So examined, the protection extended to shipping, would appear to have been productive of unmixed good — ships having steadily become cheaper, while ship-timber has as steadily become dearer; and the farmer having found freights declining from year to year, while a market was being made for portions of his trees, that, otherwise, would have been wholly valueless.

With regard to the products of the labor given to cultivation —that labor which, when properly directed, tends most to expand the mind and improve the heart — it has been otherwise; and because, the policy of the country has looked almost entirely to foreign trade, to the exclusion of all measures tending to the promotion of internal commerce. The prices of raw material have steadily declined; and, for the reason, that the obstacles to commerce have increased, when they should have diminished.

The average export price of flour, since the commencement of the present century, has been as follows :—

Five years ending in	Dollars.	Five years ending in	Dollars.
1805	9.05	1840	7.87
1810	7.50	1845	5.00
1815	11.60	1850	5.54
1820	9.15	Year 1850	5.00
1825	6.20	" 1851	4.77
1830	6.20	" 1852	4.24
1835	5.70		

The facts here presented, being most remarkable, are worthy, Mr. President, of your most serious attention. The highest average is found in the period from 1810 to 1815; that one, in which there was, almost literally, no intercourse with foreign countries; and that, in which the energies of the country were, more than they ever before had been, directed towards the establishment of internal commerce.* A domestic market was then rapidly being created, the extent of which may be judged from the fact, that the cotton manufacture, which, in 1805, had required but a single thousand bales, absorbed, in 1815, no less than 90,000.†

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* In the last of these years, only, it was, that gold and silver coin had ceased to circulate, because of difficulties resulting from the events of the war. The stoppage took place in the autumn of 1814, and the Treasury year closes with the autumn of 1815. That, however, was one of the lowest years of the period.

† *Report of the Committee of Commerce and Manufactures*, February 13, 1816. The effect of this large domestic demand, upon the price of cotton, is shown

With the return of peace, however, the policy of the country was changed, and from the date of that change, we have an almost unbroken descent, until, in 1852, just prior to the opening of the Crimean war, it had reached the lowest point of the century; and probably the lowest recorded in the country's history — thus proving a constant increase in the obstacles standing between the man who raised the wheat, and him who had money with which to purchase it. Directly the reverse of this, is what we see to have occurred in France, where the average price of wheat for thirty-five years, ending with 1848, remained almost stationary, although somewhat higher in the closing period than in the earlier ones. So, too, with both Russia and Northern Germany, in the first of which, the price of corn, in the decade ending in 1852, was one-half higher than it had been, in that ending in 1825; while in the last, we find the average maintained with a steadiness contrasting strikingly, with the extraordinary changes occurring among ourselves, as here is shown:—

	Average of wheat in Prussia, per scheffel.*		Average of flour exported from U. S.
1816–25	$66\frac{10}{12}$ groschen	= $1.48	$7.57
1826–35	$55\frac{5}{12}$ "	= 1.23	5.95
1836–45	$62\frac{5}{12}$ "	= 1.39	6.43
1845–51	$73\frac{9}{12}$ "	= 1.63	5.41
1852	$68\frac{6}{12}$ "	= 1.51	4.24

In the one, the price, towards the close, is higher than in the preceding periods; while in the other, it has fallen to little more than half.

The course of events in the advancing countries of Europe — those which are following in the lead of Colbert, and of France — is, therefore, exactly the opposite of what is here observed; but if we seek a case that is exactly parallel, it will be found in studying the operations of Ireland or India, Portugal or Turkey —countries which follow in the lead of England. In all of these, the prices of raw products, and those of finished commodities, are steadily receding from each other, with constant decline in the value of land and man, and constantly augmenting difficulty in obtaining the food and clothing required for man's support. Like these United States, they are becoming from year to year more dependent upon foreign trade, and less able to maintain commerce among themselves.

Turning now, Mr. President, to the England of a century since, we find a precisely similar state of facts, and resulting, too,

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by the fact, that the average value of the cotton exports of 1815 and 1816 exceeded $24,000,000; whereas, three years later, when the domestic manufacture had almost disappeared, it sunk to $20,000,000.—*Treasury Report*, February 20, 1836.

* A *scheffel* is $1\frac{55}{100}$ bushels.

from causes precisely similar — a growing dependence on distant markets, attended with increased necessity for the use of machinery of transportation — ships and wagons, sailors and wagon-drivers. The price of wheat fell there, regularly, until, at length, it reached the very low point of 21*s.* 3*d.* per quarter, or little more than half a dollar a bushel — manufactures remaining high in price. So soon, however, as a market had been made at home, the price rose — nearly doubling in the very first decade, and further advancing to an average of 51*s.* 3*d.*; at or near which point, it remained for five-and-twenty years. Cloth and iron, during all that time, were becoming cheaper — thus presenting, in the constant approximation of prices, the most unquestionable of all the evidences of advancing civilization.

The whole quantity of food for which Great Britain then needed a foreign market was trivial to a degree — the average export in the decade ending in 1755, when the price was lowest, having been only 4,000,000 of bushels; and yet, small as it was, the necessity for going abroad to sell it, produced the whole of the effect above described. The regulating market of that day, having been the country on the Rhine — then the great seat of manufactures—the more that was sent to it, the lower was there the price, and the lower that which could be obtained at the place of production. The 4,000,000 of bushels thrown upon that market must have caused a reduction there, of not less than 10, and more probably 15, per cent.; and that reduction extended itself to *the whole British crop*, whatever was its size. So soon, however, as a market had been made at home, British corn — ceasing to go abroad — ceased to affect the prices of foreign markets; and then British prices rose to the extent we see them to have done, because of the *double saving* to the farmer from the diminution in the cost of transportation, and from the increase of prices in all the markets of Continental Europe, from which supplies might otherwise have been drawn. The amount of that saving, probably, was $100,000,000; and it was the effect of an increase in the rapidity of the societary circulation effected, in the short space of twenty years, by the very simple process of bringing the consumer to the side of the producer.

Look where we may, Mr. President, we find, that men become more civilized, as the prices of raw materials tend to rise, and to approximate more nearly to those of the finished commodities required for man's consumption. Such being the fact, and our policy tending steadily in the reverse direction, you can readily account for the daily growing tendency, among ourselves, towards centralization and slavery, with their attendant demoralization. For further facts in reference to this great question, I must, however, refer you to another letter.

Yours, with great respect,

HENRY C. CAREY.

Philadelphia, January 1*st*, 1858.

LETTER SEVENTH.

No truth in science, Mr. President, is more readily susceptible of demonstration, than that of the liability of the man who *must* go to market, for the payment of the cost of getting there. It is one, which sad experience teaches every farmer; and one, too, that the student may find demonstrated by Adam Smith. The corn that is twenty or thirty miles distant from market, sells for as many cents less, per bushel, than that which is close to market; and the potatoes that are a hundred miles from market, are almost worthless; while those raised near it, sell for thirty or forty cents a bushel — the difference between the two, being the tax of transportation.

Another and equally important truth is, that the price of the whole crop is dependent upon that which can be obtained for the little surplus that *must* go abroad; or paid, for the small quantity that *must* be brought from a distance. Give to any certain district 10,000 bushels of wheat, more than is there required, and the crop will fall to the level of the price that can be obtained abroad, for those few bushels — although constituting, perhaps, but 3 per cent. of the whole. Let the same district, in the following year, require 10,000 additional bushels, and the whole will rise to the level of the price at which they can be obtained — the difference between the two being, perhaps, as follows: —

Admitting the crop to be 300,000 bushels, and that the price, when there is neither surplus nor deficiency, is $1—the product is.	$300,000
The crop being larger, and a surplus requiring to be sent to a distance, the price will fall to 75 cents — giving for 310,000 bushels	232,500
The crop being small, and 10,000 bushels being required from a distance, the price will be $1.25—giving for 290,000 bushels.	362,500

The question here, between a high and a low price — differing to the extent of 66⅔ per cent.—is dependent, altogether, upon the existence of a demand slightly below, or above, the quantity produced. The former was the condition of the people of Great Britain, at the period referred to — the supply having been slightly in excess of the demand, and that excess compelling them to go to a distant market, with some 2 or 3 per cent. of the crop, the price received for which, fixed the price of all. They, themselves, too, were constantly aiding in the depression of prices in that market, *and the more they sent the less they obtained for it.* So long as the prices in the home market were regulated by

those in the foreign one, it would have been more profitable to them, to have thrown the surplus into the ocean than to have sold it.

Identical with this, is now the condition of the American farmer; and therefore it is, that while the price of food — the raw material of labor — is steadily rising in France, Denmark, Germany, Spain, and Russia, it here as steadily declines. Similar, too, is their condition in this, that the whole quantity for which a foreign market *must* be found, is so small that, were it altogether wasted, the loss would be unfelt. Its waste, indeed, would be productive of great advantage to the farmer; for, so long as all domestic prices are fixed by foreign markets, the effect of this trivial export, in crushing the foreign farmers, by a reduction of their prices, is accompanied by corresponding reduction of the domestic ones — the loss thence arising, extending itself to the whole of the food produced.

The total amount of food of all descriptions, exported from the United States, and the prices of flour at the corresponding dates, have been as follows: —

Period.	Average export.	Price of flour.
1821–15	$13,000,000	$6.20
1826–30	12,000,000	6.20
1831–35	14,000,000	5.95
1830–40	12,500,000	8.00*
1841–45	16,000,000	5.16
1846–50	39,000,000 (Irish famine)	5.44
1850	26,000,000	5.00
1851	22,000,000	4.73
1852	26,000,000	4.24

We have, here, a constantly growing necessity for resorting to a distant market, accompanied by a decline of prices amounting to 35 per cent.; but, if we compare 1850–52 with the period from 1810 to 1815, when the home consumption was equal to the whole supply, the reduction is no less than 63 per cent. Admitting, how-

* The facts of the last three years correspond precisely with those which occurred in the period from 1836 to 1840, when the price of flour, for the moment, ranged so high, preparatory to the great fall that was so soon after to take place. Then, as now, mills and furnaces had ceased to be built. Then, as now, emigration to the West was immense, and the combined force of the nation was being given to the creation of new machinery for producing food. Then, as now, production diminished, while consumption was maintained — the deficiency being made up by the contraction of debts to Europe, for an immense amount of cloths and silks, the power to pay for which had no existence. Then, as recently, there was great apparent prosperity, as preparation for the universal bankruptcy of 1841–2. The preparation now being made is similar in all its parts; and as the causes are the same, we may be assured that the effects will not be different.

ever, that the prices of 1821–25 would be the standard, in the event of the creation of a domestic market, that would relieve the farmer from the necessity for going abroad, we obtain the result, that the same crops which now sell for $1,500,000,000 would then command $2,200,000,000 — making a difference of $700,000,000, which may be regarded as the actual price paid by the agricultural body, for the privilege of almost giving away food, to the extent of $26,000,000.

The prices above given, are those of the ports of shipment, always greatly higher than those of the places of production. Were we now to add the saving of inland transportation, that would be consequent upon the creation of local markets, the difference would reach $1,000,000,000; and this, too, when taking as the standard the prices of 1821–25, embracing years of almost universal distress throughout America and Europe. Were we to take the average of 1816–25 — $7.67 — it would reach $1,500,000,000. The average of all France for every decade of the last forty years, has exceeded 18 francs for the hectolitre of wheat — being the equivalent of $1.25 per bushel; and the later periods are the highest of all; whereas, they are here the lowest. The French average of the six years ending in 1852, for all France, must have been 50 per cent. greater than the average of those years for the whole of this country; and yet, all that was required for bringing prices here to a level with those abroad, was the creation of a market for food to the extent of $26,000,000 — *being less than 2 per cent. of the total product.* To those who doubt this, it can be necessary only to say, that the differences here stated as likely to occur, correspond exactly with those that did occur in England, in the period between 1750 and 1770. Commerce then growing, and the circulation becoming rapid, the dependence on the trader diminished — every stage of that diminution being marked by an increase in the value of labor and land. Here, on the contrary, the dependence on the trader steadily increases — every stage of its increase being marked by a decline in the price of food, by which the price of land and labor must ultimately be regulated.

It may, however, Mr. President, be said, that the food consumers would suffer by such a course of operation. Directly the reverse of this, however, has been the case in all other countries; and so would it be with us. At no period of England's history, have the evidences of growing civilization, as furnished by the approximation of the prices of raw materials and finished products, been so great, as in the five-and-thirty years preceding the opening of the wars of the French Revolution; and at none, has the condition of the people so much improved. Circulation became from year to year more rapid. Labor was from year to year more economized; and as the power of accumulation is

wholly dependent upon such economy, it followed, necessarily, that wealth most rapily augmented. Land and man, in that period, almost doubled in value; and all because of the relief from the tax of transportation, resulting from the growth of commerce. So, too, in France. At no period in the last two centuries, has corn been so low in price as in the days of Louis XV.; and yet, at none, have the people so much suffered from the want of food. Commerce then had scarcely an existence. Since then, the price has rapidly increased — enabling the farmer to gain on both hands: first, by obtaining more money for his corn; and, second, by obtaining more cloth for his money. Farm wages rise; and with that rise, there is, necessarily, a constant augmentation of wages in every other pursuit — it being only by tempting the people of the country, to come to the towns, that factories can obtain supplies of labor. Desiring, then, to ameliorate the condition of man, we must begin with the laborer on the land — his wages being the standard by which all others are to be compared; and that by which they are regulated. The more close the approximation of the prices of raw materials and finished commodities, the higher will be the wages, and the greater the tendency towards civilization.

As it was in England, and as it is now in France, so would it be among ourselves. The work of making a market for the food that is now exported, would make a demand for muscular and mental force — enabling each and every man to sell his services, and to purchase those of the people around him. Labor being in demand, its price would rise; and the more rapid the rise, the more it would be economized; the greater would be the power of accumulation; the more abundant would become the machinery required for enabling him to call the forces of nature to his aid; the larger would be the proportion of the mental and physical force of the community given to developing the treasures of the earth; and the larger would be the reward of labor, in food and clothing. Commerce would then grow rapidly, but the power of the foreign trader would, then, as much decline — precisely as we see to have been the case in both France and England, at the periods above referred to.

The proposition, that civilization grows in the direct ratio of the removal of obstacles standing between the producer and the consumer, and the consequent approximation of the prices of the products of the earth in their rude and finished forms, is a great and universal law, to which no exception can be found. Being so, it follows, necessarily, that raw materials *should* rise in price as finished commodities are cheapened; that civilization *should* advance with the advance in the price of those materials; and that that civilization *should* exhibit itself in the form of increased power of combination, increased development of individuality, in-

creased sense of responsibility, and increased power of progress. Thus far, the policy of the Union, as we have seen, has tended in an opposite direction—towards lessening steadily the price of food; and as such progress tends inevitably towards barbarism, it is here we find the fundamental cause of the extraordinary demoralization, now so rapidly in progress. — In another letter, Mr. President, I propose to show, that the facts in regard to the great staple of the South are precisely the same as those above described.

Yours, very respectfully,

HENRY C. CAREY.

Philadelphia, January 4th, 1858.

LETTER EIGHTH.

TURNING now southward, Mr. President, we may look to our other great staple, COTTON, with a view to see if the course of operation has been the same. That it has been so, you may readily be satisfied.

The crop of 1814 was estimated at 70,000,000 of pounds, of which more than 8,000,000 were converted into cloth in the country within thirty miles of Providence — the total domestic consumption having amounted to 90,000 bales, or nearly 30,000,000 of pounds. In the seven years following, the crop rose successively to 106,000,000, 124,000,000, 130,000,000, 125,000,000, 167,000,000, and 160,000,000; but the home manufacture as steadily declined — producing a constantly increasing necessity for pressing upon the foreign market, with results such as are here exhibited:

Export 1815 and 1816	average	80,000,000	total price $20,500,000
" 1821 and 1822	"	134,000,000	" " 21,500,000
" 1827 to 1829	"	256,000,000	" " 26,000,000

The quantity, as we see, had more than trebled, while the receipt therefor, had increased but little more than 25 per cent. The prices here given, being those of the shipping ports, and the quantity to be transported having so much increased, and having required so great an extension of cultivation, it is, I think, reasonable to assume, that the planter in those years gave 256,000,000 of pounds — receiving, in exchange, no larger amount of money than, six years previously, he had received for less than a third of that quantity.

1830 to 1832	average, pounds,	280,000,000	$28,000,000
1840 to 1842	" "	619,000,000	55,000,000
1843 to 1845	" "	719,000,000	51,000,000

We have, here, an addition to the quantity of 1815–16, amounting to no less than 630,000,000 of pounds, and requiring nine times the amount of inland transportation — even admitting that the area of cultivation had remained the same. We know, however, that, in that period, it had quadrupled, and must have required fifteen, if not even twenty times as large a force of men, horses, and wagons, to do the work. Allowing for this, Mr. President, you will readily see that the planter must, in these years, have been giving 700,000,000 of pounds, for less than twice the quantity of money that, thirty years before, he had received for 80,000,000.

1849	pounds,	1,026,000,000	$66,000,000.

Here we have nearly 940,000,000 to be transported, additional

to those of 1815–16; and from an area of cultivation that, because of the unceasing exhaustion of the soil, had been again enormously extended.* Such being the case, it may well be doubted, if the actual quantity of money, or money's worth, that reached the planter, in exchange for these 1,034,000,000, was much more than twice as great as that his predecessors had received for 80,000,000. Making the smallest allowance for additional transportation, he was here giving three pounds, for the same money that before had been received for one.

1850–1851 ..... average, pounds, 781,000,000 ..... $92,000,000

The great fact is here presented, that the less cotton the planter sends to the foreign market, the more money he receives. In this case, there is a saving of internal transportation, as compared with 1849, upon 245,000,000 pounds, and an increase of gross receipt, amounting to $26,000,000. Allowing for the additional freight, as compared with 1821, the producer was now not giving more than two pounds, for the price received before for one.

1852 ..... pounds, 1,093,000,000 ..... $88,000,000.

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* The following paragraph is from a speech of a distinguished citizen of Alabama, and exhibits the action of the system in a State that but forty years since had no existence: —

"I can show you, with sorrow, in the older portions of Alabama, and in my native county of Madison, the sad memorials of the artless and exhausting culture of cotton. Our small planters, after taking the cream off their lands, unable to restore them by rest, manures, or otherwise, are going further West and South in search of other virgin lands, which they may and will despoil and impoverish in like manner. Our wealthier planters, with greater means, and no more skill, are buying out their poorer neighbors, extending their plantations, and adding to their slave force. The wealthy few, who are able to live on smaller profits, and to give their blasted fields some rest, are thus pushing off the many who are merely independent. Of the twenty millions of dollars annually realized from the sales of the cotton crop of Alabama, nearly all, not expended in supporting the producers, is re-invested in land and negroes. Thus, the white population has decreased, and the slave increased almost *pari passu*, in several counties of our State. In 1825, Madison County cast about 3000 votes; now, she cannot cast exceeding 2300. In traversing that county, one will discover numerous farmhouses, once the abode of industrious and intelligent freemen, now occupied by slaves — or tenantless, deserted, and dilapidated; he will observe fields, once fertile, now unfenced, abandoned, and covered with those evil harbingers, foxtail and broomsedge; he will see the moss growing on the mouldering walls of once thrifty villages, and will find 'one only master grasps the whole domain' that once furnished happy homes for a dozen white families. Indeed, a country in its infancy, where, fifty years ago, scarce a forest tree had been felled by the axe of the pioneer, is already exhibiting the painful signs of senility and decay apparent in Virginia and the Carolinas."—*C. C. Clay.*

Here is an increase, in the quantity requiring to be transported, amounting to more than 300,000,000 pounds, accompanied by a diminution of gross receipt, amounting to $4,000,000; and a diminution of net receipt, that cannot be estimated at less than $10,000,000. As compared with 1815–16, the planter must, here, have been giving five pounds, for the price he before had received for one.

The course of things, above described, is without a parallel in the history of the world. In the natural order of affairs, the cultivator profits by improvements in the machinery of conversion, his products rising in their prices, as the finished commodities fall — rags becoming dearer, as paper becomes cheaper — and wool going up, as cloth goes down. Here, however, all is different. In the forty years above referred to, each and every one has brought with it some improvement in the modes of converting cotton into cloth, until at length the labor of a single person is more productive than that of four or five had been before; and yet, so far are those improvements from having been attended with any increase of price, that we find the planters giving steadily more and more cotton for less money — and thus affording the most conclusive proof of a tendency towards barbarism.

The cause of all this being, as we are told, that too much cotton is produced, the planters hold meetings with a view to reduction in the quantity; and yet, from year to year, the crop grows larger; the area, over which it requires to be grown, becomes more and more extended; and the net proceeds decline in the proportion they bear to the population of the States in which it is produced. In 1815, that population amounted to 2,250,000, whereas, in 1850, it exceeded 6,000,000. In the first, the gross proceeds of 80,000,000 pounds were $20,500,000; whereas, in 1849, 1,026,000,000, with all the vast increase of freight, were given for $66,000,000; and the total gross proceeds of the crop could but little have exceeded $80,000,000. Struggle as the planters may, the case is still the same — they being required to give, from year to year, more cotton for less money; and that, too in defiance of a great natural law, in virtue of which, they should have more money for less cotton.

We are thus, Mr. President, presented with the remarkable fact, that the two chief products of the Union are steadily declining in their power to command money in exchange; and that, so far are the farmer and planter from dividing with the consumer of their products, the advantages resulting from improved machinery of transportation and conversion, that the latter gets it all, *and more* — the former obtaining less money, the more produce he has to sell.

It is asserted, however, that all this is in strict accordance with some great law, in virtue of which every thing tends to become cheaper; but a brief examination of the general movement of

prices will probably satisfy you that the only law with which it is in accordance, is that human one, *denounced by Adam Smith* — having for its object the cheapening of the raw products of the earth, the establishment of the supremacy of trade, and the reduction of man to the condition of a mere instrument to be used by the trader; or, in other words, to that of a slave.

In England, the price of sheep's wool has doubled in the last eighty years; and that, too, notwithstanding the extraordinary extent to which cotton, in that period, has been substituted for wool. Had there been any commodity whatsoever, by which the theory of reduction of prices could have been supported, this would certainly have been the one; and yet, the facts are directly opposed thereto. In France, too, wool has greatly risen. In Germany, it is now so much higher than it was thirty years since, that that country has become a great importer, where, formerly, it was a large exporter of this commodity. — Looking next to silk, we find the following remarkable illustration of the great law that lies at the foundation of all human progress. In the Report on the Commerce and Navigation of France, we have the official value, established about thirty years since, of all the commodities exported and imported, side by side with their actual value, and are thus enabled to study the changes that are now going on, and measure their extent. How great they are, and how precisely they move in the direction that has been indicated, is shown in the fact, that while sewing-silks have fallen from 95 to 53 francs per pound, cocoons have risen from 3 to 14 francs.

Turning now to Mr. Tooke's valuable table of prices, in the period from 1782 to 1838, and taking the first and last decades thereof, we obtain the following results: —

	1782 to 1791.				1829 to 1838.		
Bristles.....per cwt.	£6	11*s.*	00*d.*	.....	£15	12*s.*	00*d.*
Flax.....per 9 head	1	7	00	.....	2	3	10
Oil.....per ton	40	00	00	.....	48	00	00
Butter.....per cwt.	2	10	10	.....	3	16	00
Irish mess-beef...per tierce	3	10	10	.....	4	18	00
Tallow.....per cwt.	2	1	00	.....	1	19	6
Timber, fir.....per load	2	4	00	.....	2	8	00
Whalebone.....per ton	150	00	90	.....	215	00	00

In all these cases, the producer was profiting by the increased facilities of transportation and conversion—obtaining larger prices for all he had to sell, with constant increase in his power to improve his own machinery, and thus augment the quantity produced; whereas, in those of flour and cotton, he is seen to have been receiving smaller prices, with constant diminution of quantity, resulting, as will be shown, from the constant exportation of the elements of which flour and cotton are composed.

We are told, however, that in the case of cotton, decline of price is the necessary consequence of a growth in the supply exceeding the wants of the world; and therefore it is, that the planters hold meetings, for the purpose of devising measures tending to the limitation of the quantity to be grown. In so doing, however, they are only repeating the operation performed at an earlier period in Virginia, in reference to tobacco; and thus it is, that like causes produce like effects. The real difficulty, Mr. President, is now, as it then was, to be found in the total absence of diversification of employments — producing a necessity for unceasing waste of labor, and unceasing exhaustion of the soil, accompanied by a destruction of the value of the land, and of the man by whom it is cultivated. That such is certainly the case, Mr. President, I propose to furnish further evidence, in another letter, remaining meanwhile,

Very respectfully,

Yours,

HENRY C. CAREY.

Philadelphia, January 6th, 1858.

LETTER NINTH.

THE reduction in the price of flour, and of cotton, is *not*, as you, Mr. President, have seen, in accordance with any general law. On the contrary, it is in direct opposition to a great law whose existence is everywhere manifest. Neither is the reduction in the price of cotton a consequence of any excess in the quantity produced, as you will be satisfied when you reflect, that the total quantity produced in the world does not equal two pounds per head; whereas, the quantity that should be used, cannot be limited to ten, or even twenty, pounds per head. Such being the case, the difficulty, it is clear, does not lie in the excess of production, but in the deficiency of consumption. Could the cause of this deficiency be discovered, and a remedy be applied, the planter might go on increasing his quantity from year to year — the price of his cotton steadily rising, and that of cloth as steadily falling, precisely as we see to be the case with rags and paper, cocoons and silks, sheep's wool and cloth, flax and linen.

The larger the price of corn, the greater must be the power of the farmer to purchase cloth, and the greater the quantity of money obtainable by the planter in return for any given quantity of cotton. The tendency of American policy, however, is towards reducing the price of corn throughout the world; and, as a necessary consequence, towards destroying the power of the people of France and Germany, Russia and Austria, England and Ireland, to purchase cloth. That such is the case, will be obvious to you, Mr. President, when you shall have reflected, for a moment, upon the effect that is now so obviously produced, by an increase in our export; and upon that which would be produced, were it possible at once to say, that no more food would go from America to any country of the world — we having followed the advice of Adam Smith, when he advised that tons of food should be combined with wool, so as to enable both to travel cheaply to distant lands. Such a measure would, at once, relieve the European market from the pressure by which it is now kept down, and the price of English and Irish food would rapidly advance — affording inducement to the extension of cultivation, and making demand for labor, with large increase of wages, and consequent increase in the power to purchase cloth. German food and German land would rise, and so would those of France and Russia, Austria and Spain. Agriculture thus receiving a new impetus, agricultural labor would rise in price — rendering indispensable an increase in the wages of factory labor. What is needed throughout the world is, rapidity of circulation, making demand for labor and its products. Centralization is opposed to this — producing

stagnation everywhere, and compelling the planters of the world to give a constantly increasing quantity of their commodities — sugar and cotton — for a constantly diminishing quantity of money. Nearly all the countries of Europe having followed in the lead of France, in the effort to produce decentralization, the effect is seen, in the rise that has there taken place, in the prices of food and wool.

Such would be the effect, among ourselves, of the adoption of the policy that, there, has been productive of such results. The measures required for making a domestic market for food — thus relieving the farmers of Europe from American competition — would produce rapid circulation of labor and commodities, and the American farmer would soon obtain as much for his corn, as is paid in France or England. The rise in the price of agricultural labor would be followed by rise in that which was otherwise employed. Labor becoming from day to day more productive, at the close of a few brief years, the domestic consumption of cotton would be thrice as great as now, with corresponding diminution in the quantity pressing on the market of Europe—enabling the planter to obtain for large crops a higher price, per pound, than he now receives for small ones.

Adam Smith denounced the British system of his time, because of its being based upon the idea of cheapening all the raw materials of manufacture — labor and the products of the land. The system of the present day looks to the production of the same results; and therefore is it, that, in accordance with the ideas of Dr. Smith, it has been resisted by all the civilized nations of the world — America alone excepted. In all of them, consequently, raw produce is rising in price, while here, alone, is found a civilized community, in which the produce of the land has steadily, during half a century, declined in price — the farming and planting interests having been most consistent, in the pursuit of a policy tending to diminish the quantity of money to be received, in exchange for a bale of cotton, or a barrel of flour.

The evidences of growing civilization, Mr. President, are to be sought in two directions: first, in the rise in the prices of the raw products of the earth; and, second, in the decline in those of the manufactured commodities required for human purposes. So far as regards the first, that evidence has not been here obtained — both flour and cotton having steadily fallen in price, to the great disadvantage of those by whom they are produced. The manufactured commodity that, more than any other, is required by the farmer and the planter, is IRON, and we may now turn to it, with a view to ascertain if we can find in that direction, the evidence of growing civilization with which, thus far, we have failed to meet. Doing so, we ascertain that, in 1821 and 1822, the average price of bars at Glasgow, was £10 14s., or $51.36, a ton, at which rate the 100,000,000 of pounds of cotton then shipped would have

paid for, at that port, about 450,000 tons — leaving $3,500,000 to defray the inland expenses of sending the cotton to the port of shipment. Turning now to the four years ending in 1855, we find that the average price of bars has been $38.50 per ton, and that the quantity of cotton that has been shipped, has averaged 1,050,000,000 pounds, producing at the port of shipment an average of $94,500,000 — deducting from which, the inland expenses, the planters might have received, probably, $80,000,000, with which they could have purchased about 2,100,000 tons — thus giving ten pounds for a smaller quantity of iron, than, before, they could have had for five.

The price of flour, prior to the opening of the Crimean war, was lower, as, Mr. President, you have seen, than it had been for half a century; and less, by nearly one-half, than it had been in the period from 1815 to 1825. In that period, the price of bar iron in Liverpool averaged about £10; or but little more than that of the past four years — the fluctuations in these latter having been between £7 10*s.* and £9 12*s.* 6*d.* The raw materials of labor — food and cotton — not only do not approximate towards iron, but become more widely separated from year to year.

Still more strongly is this the case, when we compare the prices of food and cotton, with those of other metals. The raw materials, iron and lead, have fallen in actual price, but copper and tin have both advanced, as will be seen by the following figures, derived from the work of Mr. Tooke, before referred to: —

	1782 to 1791.				1829 to 1838.		
Copper ..... per cwt.	£4	1*s.*	2*d*	.....	£4	8*s.*	7*d.*
Tin ..... per cwt.	4	1	3	.....	4	4	10
Lead ..... per 19¼ cwt.	19	3	0	.....	18	3	00

Turning next to the year 1852, at which time flour had fallen to little more than a third of the price at which it sold in the period from 1810 to 1815, we find that the average prices had still further advanced — copper having been £4 18*s.* — tin, £4 7*s.* — and lead, £17.

The whole value of these metals, is in the labor given to their extraction. That labor is the product of food and clothing — of corn and wool. The foreign raw materials, of which British labor is composed, are perpetually falling in price, while highly important commodities, received by the foreign producers in exchange, as regularly rise; and that being the direct road towards centralization, barbarism, and slavery, we may now readily understand the causes of the existence of the extraordinary demoralization now in progress among ourselves. The road to freedom and civilization, lies in a direction precisely the opposite of that which, thus far, has been pursued. That road is, under the lead of France, being travelled by all the advancing nations of Europe, and hence the improvement that becomes from day to

day more manifest in the growing harmony of all the various interests of which society is composed. The contrary road is, under the guidance of England, travelled by Ireland and India, Portugal and Turkey, as well as these United States; and hence it is, that in all of them we see an increasing centralization and a constantly growing discord. Hence, too, it is, that in the land whence issued the Declaration that all men were born equal, it is now openly declared that "free society has proved an utter failure," and that bondage is the natural condition of the man who labors, be he white or black.

The history of the Union, Mr. President, is an enigma — our words having been those of civilization and freedom, while our tendencies, with only occasional intervals, have been in the direction of slavery and barbarism. That such has been the case, was obvious to yourself, when you told your fellow-citizens, in your recent message, that, "for more than forty years, the history of the country has been one of extravagant expansions in the business of the country, followed by ruinous contractions. At successive intervals," as you continued, "the best and most enterprising men have been tempted to their ruin by excessive bank loans of mere paper credit, exciting them to extravagant importations of foreign goods, wild speculations, and ruinous and demoralizing stock-gambling."

That such, Mr. President, have been the facts, cannot well be questioned. "At successive intervals," we have abandoned the policy whose admirable effects in reducing the cost of transportation, and thus diminishing the taxation of the farmer and the planter, were so well illustrated by Adam Smith, when he showed how cheaply the cotton and the wool could be carried to the remotest parts of the earth, after having been combined in the form of a piece of cloth; and, *in each and every one of those periods*, we have seen precisely the phenomena you so well describe. Numerous banks having, then, been created, we have had "extravagant expansions," followed by "ruinous contractions." Enormous importations of foreign goods have been followed by the wildest speculations, and by the most "ruinous and demoralizing" gambling in stocks and public lands. At other intervals, all this has disappeared—the societary movement having become so quiet and tranquil, that successive years have passed without the slightest speculation. Inquiring, now, what have been those years, we find them to have been *those in which the policy of the country* — being in accordance with the ideas of Adam Smith — *tended towards relieving the planter and the farmer from the tax of transportation.*

Such, Mr. President, having been the uniform results of change in the policy of the central government, the solution of the enigma may, as it appears to me, be found by any one who will carefully study the following simple proposition: Barbarism grows in the

ratio of the export of the rude products of the land, and consequent exhaustion of the soil. Civilization grows in the ratio of the ability to diminish the bulk of the products of the plantation and of the farm, and to restore to the soil the refuse of its products — thus augmenting the productive power of the land, and enabling more and more people to live together. — In which of these directions we are to move, is dependent, Mr. President, upon the central government, and not upon the local ones, as you have seemed to think. Such being the case, it must be to modification in the action of the former, we must look for a diminution of these barbaric tendencies, to whose existence you have so properly called the attention of your constituents. That modification once obtained, each successive day will tend to add to our admiration of the men who, when employed in making the Constitution, so wisely left to the States the regulation of their local institutions, whether engaged in converting wool and food into cloth, or in aiding the exchanges of those who desired to borrow money, with those who had money to lend.

Trusting that you will become convinced of this, I remain, Mr. President,

Yours, very respectfully,

HENRY C. CAREY.

Philadelphia, January 8th, 1858.

LETTER TENTH.

CIVILIZATION, Mr. President — growing with the growth of wealth — is indicated by improvement in the condition of man. Our condition, natural, moral, and political, having much deteriorated within the last few years, it is needed that we seek the causes of the change, which *must* be found in diminution of our wealth.

Wealth, Mr. President, consists in the power to control and direct the forces of nature — resulting, first, from the possession of the necessary machinery, and next, from the possession of the knowledge how to guide it. The coal that is mined by a single man, is capable of doing as much work, as could be done by thousands of human arms. The power of steam employed in Great Britain, is estimated as being equal to the united forces of 600,000,000 of men; and yet, the total number of persons employed in the coal-mines of that country, is but 120,000, two-thirds of whom must be engaged in furnishing fuel for the smelting of ore, for the rolling of iron, and for household and other purposes. The entire population of the island, in 1851, was under 21,000,000, each one of whom, were the power thus acquired equally divided, would have the equivalent of nearly thirty willing slaves employed in doing his work — slaves, too, requiring neither food, clothing, nor lodging, in return for the service thus performed. Admitting that even so large a number as 60,000, were employed in the extraction of the fuel by which this power is supplied, it would give but 1 in 350 of the population, and less than 1 in 200 of those who are capable of doing a full day's work. Such being the case, we obtain the remarkable result that, by means of combination of action, less than one-half of one per cent. of the adult population, is enabled to furnish fifty times more power than could be supplied by the whole number, were each man laboring by himself.

To enable this fuel to do the work, it is, however, required, that man should play the part of engineer — substituting mental power for the physical force, that would otherwise be required. The engineer must have his engine, and for the production of engines there is needed a portion of the labor that, by their use, is to be economized. How small, however, is the proportion thus required, is seen from the fact, that the whole number of steam-boiler makers in Great Britain, in 1841, was but 3479; and, as the total number of persons engaged in making steam-engines cannot be ten times greater, we thus obtain less than 35,000 as being so employed. Adding now together the miners and engine-makers, we obtain less than 100,000 as the total human force given to the development of a

natural one equal to 600,000,000 — the physical force of each being, thus, by means of association and combination, multiplied no less than *six thousand times.*

Of all the communities of the world, there is none, Mr. President, at whose command has been placed an amount of power, at all to be compared with that of our Union — the quantity of fuel within their reach being, practically, as unlimited as is the air we breathe. It underlies a large portion of Pennsylvania, Maryland, Virginia, and North Carolina, while, throughout the regions of the West, it so much abounds as, in a great majority of cases, to be wholly valueless. So, too, with the material of which steam-engines are composed — iron ore — the supplies of which are boundless in extent, and waiting only for the moment when we shall determine to appropriate them to our use, and thus acquire wealth. To what extent it might be so acquired, is shown by the fact, that a single hundred thousand men, in Britain, furnish power, equal to *more than sixty times the mere muscular force of the whole adult male population of the Union.**

To produce, among ourselves, the same effect, it is required, only, that we adopt the same measures that have there resulted in such a wonderful increase of force; and thus do we arrive at the great fact, that by means of the proper direction of the labors of the one-hundredth part of the adult population of the Union, the power, or wealth, of the whole, might, in a brief period, be twenty times increased — each and every person, were the whole equally divided, being thus supplied with twenty slaves employed in furnishing fuel and food, clothing and lodging, while consuming no part, whatsoever, of the products of their labor.

The treasures of nature are boundless in extent, the earth being a great reservoir of wealth and power — requiring for their full development only the carrying into full effect the idea expressed by the magic word, ASSOCIATION. That such is the fact, is seen in every case in which, because of local circumstances, our people find themselves enabled to combine their efforts for the

* The question may, with great propriety, be asked — "If power really is wealth, why is it that the people of England, with such a wonderful amount of wealth at command, are so poor as to have given rise to the idea of over-population?" The answer is, that all this power is being wasted in the effort to prevent the other communities of the world, from acquiring similar power, or wealth. While laboring to cheapen the labor and raw materials of the exterior world, she is enslaving the people of all countries subject to her influence, and thus producing the enslavement of her own. The harmony of interests being everywhere perfect, therefore it is, that every measure tending to deprive the Hindoo of the power to sell his labor, tends equally to lessen the ability of the British laborer to obtain food for his family and himself. Action and re-action are equal and opposite — the ball which stops the motion of another ball, being stopped itself. This is a great physical law, whose truth is obvious throughout the whole range of social science. Common sense, common honesty, and sound policy, look always in the same direction.

accomplishment of some common object. Combination of action furnishes to every resident of New York, Philadelphia, or Boston, a slave employed in supplying him with water, or with light, at a cost so trivial as to be utterly insignificant, when compared with what it would be, were he obliged to live and labor alone, as did the emigrants of the days of William Penn. Combined effort enables us to pass from the shores of the Atlantic, to the banks of the Mississippi, in fewer hours, and at less expense, than but a few years since, were required for going from New York to Washington. To such effort it is due, that every child is supplied with instruction, such as would be wholly unattainable by the solitary settler. Combination of effort furnishes Bibles at a price so small, as to place them within the reach of the poorest person in the Union; and it supplies, for two cents, a better newspaper than could, but a few years since, have been purchased at any price. To combination it is due, that the man of New Orleans can communicate on the instant with his friend in Philadelphia — thus annihilating both time and space.

Look where we may, Mr. President, we find new proofs of the advantage to be derived from association; and yet men are everywhere seen flying from their homes, and leaving behind them wives and children, parents and relatives — each one seeming desirous, as far as possible, to be compelled to roll his own log, build his own house, and cultivate his lonely field; and thus deprive himself of all the benefit necessarily resulting from combination with his fellowmen. In the passage to his solitude, he traverses immense plains abounding in the fuel by whose consumption he would so much increase his wealth and power—preferring, apparently, to continue to confine himself to the use of his arm, when, by calling nature to his aid, he might be enabled to substitute the qualities of his head for those of his arm, and pass from the labors of the ox to those of THE MAN.

In no country of the world, is there so great a voluntary waste of power as in these United States. In Ireland and India, in Turkey and Portugal, a similar waste takes place, but in none of these, is there even a pretence that the people direct their own course of action. Here, the reverse is the case, every man being supposed to constitute a portion of the government, and to aid in so directing its action as to enable him and his neighbors most to profit by the gifts of Providence; yet, here it is, that men are most disposed to separate themselves, each and every one from each and every other — thus forfeiting all the advantages, that are elsewhere seen to result from the substitution of the natural forces, for those of the human arm. The waters of Niagara, capable of doing the work of millions of men, are allowed to run to waste; and the coal-fields of Illinois, that, with the slightest effort, might be made to perform a hundred times more labor than is now performed by

all the people of the Union, are held in almost as light esteem as would be a similar quantity of gravel, or of sand.

Domestic commerce tends to the development of the treasures of the earth — to the utilization of every particle of the matter of which our planet is composed — to the development of human power — to diminution in the value of the commodities required for the support of man — and to augmentation in his own value, and in that of the land upon which he is placed. At every stage of its progress, local centres acquire a larger attractive power — the mill, the mine, the furnace, the rolling-mill, and the grist and cotton mills, becoming the places of exchange, and thus diminishing the necessity for resorting to the trading cities of the world. The man whose labors have been given to the production of wheat, is thus enabled to exchange directly with one neighbor who converts wheat into flour, and another who has changed coal and ore into iron; with one who has converted wool into cloth, and another who has made rags into paper — at once economizing the cost of transportation, and obtaining the intellectual commerce required for enabling him to pass from the cultivation of the poor, to that of the richer soils.

The desires of the trader look in an opposite direction — tending, everywhere, to prevent the creation of local centres, and thus to increase the necessity for resorting to the great central cities of the world. Every stage of his progress towards power is, therefore, attended by an increase in the tax of transportation, and a diminution in the power of man—with constantly increasing exhaustion of the soil, requiring resort to new lands, to be in their turn exhausted.

According to an eminent French economist, this country is, like Poland, specially dedicated to agriculture, to the exclusion of manufactures. Such, too, having been the opinion of some of those persons who most have influenced the action of the central government, the result is seen in an universal impoverishment of the soil, and of its owners, because of the enormous tax of transportation to which they have been subjected. According to these gentlemen, the raising of raw produce is the chief pursuit of man, and yet, small reflection could be required for satisfying them, that the raising of wheat was but one of the steps towards the making of bread; and that the raising of cotton was but a stage in the process of producing cloth—cloth and bread, and not wheat or wool, being the commodities required for his use. Men perish of cold where trees most abound, because of the absence of the saw, or the axe; and other men go naked, though surrounded by plants yielding cotton, because of their distance from the spinning-jenny and the loom. Man is placed on this earth to subject the forces of nature to his service — compelling her to yield the commodities required for his use, and in exchange for the smallest

possible amount of human effort. That that object may be accomplished, he is required to combine his efforts with those of his fellow-men — the farmer, the miller, and the baker, uniting for the production of bread; the shepherd, the spinner, and the weaver, uniting for the production of cloth. The more perfect that union, the less is the waste of labor in transportation and in effecting exchanges, and the greater the power to improve the land already occupied, while extending the work of cultivation over the richer soils — as is now being done in France, Denmark, Germany, and other of the advancing countries of Europe. The less the power of combination, the greater is the tendency to exhaustion of the soil, as is seen to be the case in Poland and Ireland, Turkey and Portugal, Jamaica and India, and every other country that, like the United States, gives itself, almost exclusively, to the work of scratching the earth. Of all the raw material required for the purposes of man, manure is the most important, and the least susceptible of transportation to a distance; and therefore is it, that poverty, depopulation, and slavery, are the necessary consequences of the reduction of a community to dependence on the single species of effort required for compelling the earth to yield the raw material of clothing, or of food. Throughout the larger portion of the Union, the market is distant hundreds and thousands of miles, and the consequences are seen in the fact, that the soil is becoming almost everywhere exhausted — wealth thus diminishing, when it should increase.

How it diminishes, has recently been shown by an eminent agriculturist, from whom we learn:

That, the potash and phosphoric acid annually taken from the land, is worth, at the usual market price of these commodities, nearly $20,000,000 — scarcely any of which is ever returned:

That, the ashes of 600,000,000 of bushels of corn are annually taken from the soil — scarcely any of which are ever returned:

That, the total annual waste of the mineral constituents of food, is "equal to 1,500,000,000 bushels of corn."

"To suppose," says the author of these estimates — "to suppose that this state of things can continue, and we, as a nation, remain prosperous, is simply ridiculous. We have as yet much virgin soil, and it will be long ere we reap the reward of our present improvidence. It is merely a question of time, and time will solve the problem, in a most unmistakable manner. What with our earth-butchery and prodigality, we are each year losing the intrinsic essence of our vitality.

"Our country has not yet grown feeble from this loss of its life-blood, but *the hour is fixed when, if our present system continue, the last throb of the nation's heart will have ceased, and when America, Greece, and Rome, will stand together among the ruins of the past.*

"The question of economy should be, not how much do we annually produce, but how much of our annual productions is saved to the soil. Labor employed in robbing the earth of its capital stock of fertilizing matter, is worse than labor thrown away. In the latter case, it is a loss to the present generation — in the former, it becomes an inheritance of poverty for our successors. Man is but a tenant of the soil, and he is guilty of a crime when he reduces its value for other tenants who are to come after him."

Waste, such as is here described, Mr. President, *is* a crime, and it finds its punishment in the natural, moral, and political decline, to which your attention has now been called. Look, almost, where the traveller may, he is struck with the wretched condition of that which, in this country, is called agriculture — but which, in the civilized countries of Europe, would be denominated pure and simple robbery of the great bank, given by the Creator for the use of man. Its effects are shown in the facts, that, in New York, where, eighty years since, 25 to 30 bushels of wheat were an ordinary crop, the average is now only 14, while that of Indian corn is but 25. In Ohio, a State that, but half a century since, was a wilderness, the average of wheat is less than 12; and it diminishes, when it should increase. Throughout the West, the process of exhaustion is everywhere going on — the large crops of the early period of a settlement, being followed, invariably, by smaller ones in later years. In Virginia, throughout a large district of country once considered the richest in the State, the average of wheat is less than seven bushels; while in North Carolina, men cultivate land yielding little more than that quantity of Indian corn. Tobacco has been raised in Virginia and Kentucky, until the land has been utterly exhausted and abandoned; while throughout the whole cotton-growing country, we meet with a scene of exhaustion unparalleled in the world, to have been accomplished in so brief a period. The people who raise cotton and tobacco are living upon capital — selling their soil at prices so low, that they do not obtain one dollar for every five destroyed; and as man is always a progressive animal, whether his course be upward or downward, we may now readily understand the cause of the steady and regular growth of that feeling which leads to regarding bondage as being the natural condition of those who need to sell their labor. The supremacy of trade leads necessarily to such results; and, as the whole energies of the country are given to the enlargement of the trader's power, and to the augmentation of the tax of transportation, it is no matter of surprise that its people are everywhere seen to be employed in "robbing the earth of its capital stock." Let the existing system be continued, and "the hour is surely fixed," when, in the words of the writer quoted above, "America, Greece, and Rome, will stand together among the ruins of the past."

Allow me now, Mr. President, to call your attention, once again, to the diagram given in a former letter. Looking at it, you find, at the left, production small, and the prices of the ruder products of the earth, very low indeed. Passing towards the right, you find, in Massachusetts, production larger, and prices higher — the farmer obtaining a greater number of bushels, and, for each bushel, a larger quantity of money. *That* is the road towards the improvement in manners and morals, to which we attach the idea of civilization. The contrary road — from the right to the left — is the one which leads to that state of demoralization, to which we attach the idea of barbarism — the products of the earth then diminishing in quantity, with steady decline of prices. This last, Mr. President, is the road which, under the guidance of the central government, we are travelling; and therefore it is, that each successive year brings with it new attacks upon the local powers, and new increase of the central power, with constant decline in the respect for the Constitution, and in the regard for individual rights. Men, Mr. President, become free, and communities rise in the estimation of the world, in the ratio of their development of a *real* agriculture. Both deteriorate in the ratio in which they find themselves driven to the work of robbing the soil. This I propose to show in another letter — remaining, meanwhile,

Yours, very respectfully,

HENRY C. CAREY.

Philadelphia, January 11th, 1858.

LETTER ELEVENTH.

ALL men, Mr. President, desire to maintain commerce *with* each other — exchanging ideas and services, or commodities, in which those services are embodied. Some men desire to be employed in effecting exchanges *for* other men — standing between them, in the various capacities of sailor and wagoner, trader and transporter, all of whom are merely *instruments* to be used by commerce.

The greater the diversity in the employments of society, the greater is the power to maintain commerce, and the less is the necessity for the use of the instruments above referred to — the greater is the tendency towards increase in the productiveness of the soil—the larger is the return to agricultural labor—the higher are the prices of the rude products of the land — the cheaper become those finished commodities required for the use of the farmer — and the greater is the tendency towards that improvement of human condition, to which we are accustomed to attach the idea of civilization.

The less, Mr. President, the diversity of employments, the greater is the necessity for the services of the ship and the wagon, the trader and transporter — the less is the commerce — the greater is the tendency towards exhaustion of the soil — the smaller is the return to agricultural labor — the lower are the prices of the rude products of the land — the dearer are clothing, knives, axes, and other finished products — and the greater is the tendency towards that deterioration of man's condition to which we are accustomed to attach the idea of barbarism.

The great fact is thus presented to us, that where the land yields most largely, there the prices of the products of the farm are highest; whereas, where it yields least in quantity, there the prices are lowest. — In Germany and France, the yield of the land is steadily increasing, while prices regularly advance. In this country, the yield decreases, while prices as steadily decline. Hence it is, Mr. President, that the phenomena presented to view by French and German society, are those of growing civilization; while those we meet among ourselves, are those of advancing barbarism.

Approximation in the prices of the rude products of the earth, and of the finished commodities required for human purposes, is, Mr. President, the most conclusive proof of growth in civilization. The more nearly they come together, the more does society tend to assume its natural form — the greater is the tendency towards steadiness and regularity of movement — and the more rapid is the advance in wealth, and power. The more they recede

from each other, the more does society tend to take the form of an inverted pyramid, the less is the regularity of movement, the greater is the tendency towards barbarism, and the more rapid is the decline in wealth and power. With us, as you have seen, those prices *do* recede — more cotton and more flour being, as a rule, required to pay for any given quantity of iron, copper, tin, or lead — the most essential of the commodities required for advance in civilization — than was needed, for that purpose, half a century since.

The closer that approximation, the greater is everywhere the tendency to increase in the productiveness of the soil — with growing power of association and combination. The more remote they are, the greater is the tendency towards exhaustion of the soil, with declining power of combination. Throughout the Union, that power is declining; and thus are we presented with another of the phenomena which, everywhere else, have attended declining civilization.

The more the soil becomes enriched, the greater is its power of attraction, the more rapid is the growth of commerce, and the more civilizing are the tendencies of the time. The more it is impoverished, the greater is its repulsive power, the slower becomes the movement of society, and the more rapid is the decline of civilization. With us, Mr. President, as you have seen, the attractive power of the soil diminishes, and men are almost everywhere flying from each other, as if from pestilence — the enormous emigrations of the barbarous ages of Europe being here reproduced, and affording conclusive evidence of decline in wealth, strength, and power. What are the lesser phenomena by which decay is manifested, and how they influence the various portions of society, we may now inquire.

At the return of peace in 1815, land was high in price — a market having been already made at home, for the most important of its products. Protection being discontinued, that market disappeared, and the result was seen, six years later, in the almost universal ruin of the farmers — judgments being everywhere entered up — mortgages being foreclosed — sheriffs' sales abounding to such an extent as, at length, to force the people of the agricultural States to the adoption of laws for staying the execution of the judgments of their courts—and land falling to a fourth of the price at which it had sold, but seven years before. The sales of public land, and the revenue therefrom, had trebled in the period from 1814 to 1818–19 — thus increasing the number of farmers, at the moment when the market for their products was gradually disappearing — and thus preparing the way for that decline in the price of the products of the farm, whose steady progress is exhibited in the figures already, Mr. President, laid before you.

By 1824, the land revenue had fallen to less than a third of the

amount at which it had stood in 1819. Thenceforward — protection having been re-established — it went gently up, until, in 1832 and 1833, it averaged $3,295,000; or, almost precisely the amount it had so suddenly attained thirteen years before. In the mean time, the population had increased about two-thirds; and so regular had been the increase in the home demand for food, that now, for the first time in the country's history, its price was wholly uninfluenced by the fall of foreign markets. From 1828 to 1831, wheat, in England, had been high — averaging £3 4*s.* 3*d.* per quarter, or $1.72 per bushel. From that period, it fell regularly, until, four years later, it was but £1 19*s.* 4*d.*, or $1.05 per bushel; and yet, the price of flour in the American ports remained entirely unaffected; as is shown by the following figures, derived from a recent Treasury Report: —

Average of 1828 to 1831					$5.84
1832	$5.87	1834	$5.50		
1833	5.50	1835	6.00		5.72

The Compromise tariff having now, however, begun to operate, mills ceased to be built, and importations rapidly increased. The mechanic arts no longer affording an outlet for the growing population, emigration to the West grew rapidly, accompanied by enormous speculations in the public lands — the speculator always desiring to go in advance of the poor settler, and to profit at his expense. The land revenue rose from $4,000,000 to $14,000,000, and $24,000,000; after which, for four succeeding years, it averaged $5,000,000; and thus, in six years, was more land disposed of, than had been sold in the forty preceding ones. The consequences were such as might have been expected. While the new farms were being created, by help of labor diverted from the old ones, food was scarce and high; but by the time they were ready to furnish supplies, their owners found their market had disappeared. Land again falling in price, mortgages were foreclosed; and once again, were farmers, by tens of thousands, turned adrift upon the world, to recommence their labors as they might. We have here the second great stage of preparation, for the extraordinary fall in the price of food that has been exhibited.

The land revenue now (1842) fell to little more than a single million, from which point, under the protective tariff of that year it rose gradually until, five years later, it stood again at $3,000,000. Soon after, the discovery of the treasures of California came in to make demand for manufactures, and to give activity to commerce. So long as that activity continued, the sales of public lands continued small, but now — the building of mills and furnaces having ceased — the revenue from that source, in the three years ending with 1856, had attained an average of nearly $10,000,000. If to this, be added, the sales of land granted to railroad companies, we obtain a total for those years of at least $50 000,000;

or twice the amount of the twelve years from 1840 to 1852. Those sales are an index to the exhaustion of the soil, the dispersion of the people, the decline of commerce, and the growth of the power of the trader; and as those of 1818 were followed by the agricultural ruin of 1821, and those of 1836 by the ruin of 1841, so must those of 1854–56 be followed by similar effects, at a period that is now but little distant. As a rule, the highest prices have always been followed by the lowest ones — those of the free trade period of 1822 having followed those of the protective one of 1816 — the ruinous prices of 1842 and 1843 having followed those of 1837 and 1838 — and the exceedingly low one of 1852 having followed closely upon the elevated ones of 1847 and 1848. With each successive crisis, too, the price established at its close, has been lower than that of previous periods. As yet, 1852 occupies the lowest place; but the day is fast approaching, Mr. President, when, should Heaven smile upon the labors of our farmers, they will look with regret, even to the low prices of the years from 1850 to 1852. The more they exhaust the soil, the greater will be the tendency towards decline of price.

Instability and irregularity being the essential characteristics of barbarism, there can be no *real* agriculture where they are found. The farmer, more than any other member of the community, requires stability — his investments being generally made a year, or more, in advance. The trader buys flour one day, and sells it on the next; but the farmer needs to determine in the autumn, in what manner he will appropriate his land, for the year to come. The price of wheat falling and that of tobacco rising, he can make no change; but the trader can — selling the one at the first appearance of a downward movement, and buying the other at the first appearance of an upward one. The skilful trader desires change, and the more frequent its recurrence, the more numerous are his chances for accumulating fortune; but instability is ruinous to the farmer and the planter. The objects of the farmer and trader are, thus, widely different; and yet the former appears most generally before the world as the advocate of his own subjection to the dominion of trade, and as the opponent of the policy that is based upon the idea of the extension of domestic commerce, and consequent emancipation of his land from the oppressive tax of transportation. Hence it is, that we meet with those conclusive evidences of declining civilization which are, in one part of the Union, supplied by the growing belief in the divine origin of slavery, and in the necessity for its continuance; and in the other, by the facts, that in the older States, property in land becomes more consolidated; that in all of them, the poor rent-paying tenant is taking the place of the small proprietor; that, almost everywhere, exhaustion of the soil is proceeding with accelerated rapidity; and that men are, everywhere, more and more compelled to relinquish the advantages of that combination with their

fellow-men, to which, alone, they can look for the power to call the great forces of nature to their aid.

The coal-miner, the smelter of ores, the cotton and woollen manufacturer, and all others engaged in the work of production, are, Mr. President, like the farmer in the fact that they need stability and regularity — giving a steady circulation of labor and its products, and increasing their ability to add to the machinery required for their operations. That having been obtained, they are enabled, in each successive year, to profit by the experience of the past, and to give to the farmer a constantly increasing quantity of cloth, in exchange for a constantly diminishing quantity of food and wool — the prices of the two tending steadily and regularly to approach each other. That stability, and that regularity of circulation, have, however, been to the people of the United States, things entirely unknown. At times, as in the two periods ending in 1835 and 1847, it has been approached, but, in every case, it has proved but a mere lure, for inducing men of skill and enterprise to waste their fortunes, and their time, in the effort to advance the interests of the community, with ruin to themselves.

From 1810 to 1815, mills and furnaces were built, but with the return of peace, their owners — embracing large and small capitalists, working-men and others, the most useful portions of the community — were everywhere ruined, and the people who had been employed were turned adrift, to seek in the West the support they could no longer find at home. Land sales then, as we have seen, became large, and, next, the farmer suffered as the manufacturer had done before. From 1828 to 1834, such establishments were again erected, and the metallic treasures of the earth were being everywhere developed; but, as before, the protective system was again abandoned, with ruin to the manufacturer, accompanied by enormous sales of public land, and followed by ruin to the farmer. From 1842 to 1847, mills and furnaces were again constructed; and then, from 1848 to 1850, they were again closed; the effect being seen, in 1850–52, in the fall of flour to a price lower than had ever before been known. The perfect harmony of all true interests, and the absolute necessity for protection to the farmer, in his efforts to bring the artisan to his side, and thus relieve himself from the heavy taxation to which he is now subjected, are here exhibited in the strongest light. No one, who studies the regular sequence of these facts, can hesitate as to full belief in that portion of the doctrine of *The Wealth of Nations*, which teaches, that the English system, based as it is upon the idea of cheapening all the raw materials of manufacture, "is a manifest violation of the most sacred rights of mankind."

In the last ten years, few mills or furnaces have been erected— the value of those in existence having been, in general, so far

below the cost of production, as to have afforded no reason for making any addition to their number.

The history of industry in no civilized country of the world presents such a scene of destruction as is found in the manufacturing, mining, and railroad operations of the Union. Of all the persons concerned in making those great improvements required for diminishing the distance between the consumer and the producer — for enabling the producers of wool, flax, and food readily to exchange for cloth and iron — and for reducing the prices of manufactured commodities, while raising those of the raw products of the earth — a large majority have been ruined; and the result is seen in the facts, that the various metals are rising in price, as compared with flour and cotton — that our farmers, as a rule, are poor — that, with each successive year, the land is being more rapidly exhausted — and, that the country exhibits so many other evidences of declining civilization.

Careful study of these facts, Mr. President, will enable you, readily, to understand the causes of the demoralization now making such rapid progress. The policy of the country being wholly adverse to the growth of manufactures, agriculture remains, and necessarily, in its rudest state — offering no attraction for men of any cultivation. Seeking a pursuit, our young men shrink from one that involves so large an amount of labor, and is so badly paid. Looking, next, to the production of iron, or the manufacture of cloth, they see that most of the men who have been so engaged, have reaped but ruin as the result. Thus limited in their choice of employments, they find themselves driven to becoming clerks, traders, lawyers, or doctors; and the consequences are seen in the fact, that we have five times more traders, lawyers, and doctors, than can obtain a living by any honest means. All, however, must live — honestly if they can, but dishonestly if they must; and hence it is, that the race of sharpers and blacklegs, speculators and swindlers, slave traders and fillibusters, counterfeiters and peculators, increases with such rapidity. It is safe, Mr. President, to say, that with the present policy of the central government is inseparably connected, a greater development of the merely appropriative powers, and a greater tendency towards decline in the security of person and property, than can be found in any country of the world, claiming to be held as civilized.

This is a sad picture, Mr. President, but that it is a true one, you have abundant evidence in the proceedings of the world around you.

Yours, very respectfully,

HENRY C. CAREY.

Philadelphia, January 13th, 1858.

LETTER TWELFTH.

"THIRTY-ONE independent States, enjoying a thousand advantages, are mutually engaged in a free trade with each other. *That,* is the free trade we want!" — Such, Mr. President, was the most accurate view of the great and pressing "want" of your countrymen, presented by yourself, but a few years since. Seeing most clearly, as you then did, the enormous amount of taxes paid by our farmers, in the form of transportation, commissions, and other charges — the necessary consequence of dependence upon distant markets — it was to you most obvious, that what they really needed was, commerce among the States — commerce within the States — commerce in towns and villages — that commerce which, in other countries, enables men to exchange with each other, ideas, services, and products, with little charge for intermediate agency; and thus to emancipate themselves, almost entirely, from the grinding taxes of trade and transportation.

What, however, is it, that has given to those thirty-one States the power to maintain any commerce whatsoever? Is it not, Mr. President, a consequence of diversity in their modes of employment, resulting from the fact, that, while one portion of the country is fitted for raising cotton or sugar, others are better suited to raising wheat, rice, corn, barley, or grass — that while the soil of one is underlaid with coal, that of others is underlaid with lead or copper, marl or lime? That such is the case, is beyond all doubt. That without difference there can be no commerce, is shown by the facts, that the cotton planter of Carolina maintains no commerce with his fellow planter of Georgia, and that the farmer of Illinois makes no exchanges with his fellow farmer of Indiana.

What, however, is the actual amount of commerce among the States? How much does Kentucky exchange with Missouri? What is the annual value of the commerce of Ohio with Indiana — of Virginia with Kentucky? Scarcely more, as I imagine, than that of a single day's labor of their respective populations; and, perhaps, not even half so much. — Why, Mr. President, is this the case? Is it not a necessary consequence of the absence of that diversity of employments *within the States,* which we see, everywhere, to be so indispensable to the maintenance of commerce? Assuredly it is. Ohio and Indiana have little more than one pursuit — that of scratching out the soil, and exporting it in the form of food. Virginia and Kentucky have the same pursuits — selling their soil in the forms of tobacco and of corn. Carolina and Alabama have the same pursuits; and so it is throughout by far the larger portion of the Union — millions of

people being employed in one part of it, in robbing the earth of the constituents of cotton, while in others, other millions are employed in plundering the great treasury of nature, of the constituents of wheat and rice, corn and tobacco, and thus destroying, for themselves and their successors, the power to maintain commerce.

The commerce of State with State is, thus, Mr. President, but small; and the reason why it is so, is, that the commerce of man with his fellow man, within the States, as a general rule, is so exceedingly diminutive. Were the people of Illinois enabled to develope their almost boundless deposits of coal and iron ore, and thus to call to their aid the wonderful power of steam, the internal commerce of the State would grow rapidly — making a market at home for the food produced, and enabling its producer to become a large consumer of cotton. Cotton mills then growing up, bales of cotton wool would travel up the Mississippi, to be given in exchange for the iron required for the roads of Arkansas and Alabama, and for the machinery demanded for the construction of cotton and sugar mills, in Texas and Louisiana.

That, Mr. President, as you so well have said, is the sort of free trade that we really require. It grew with great rapidity, in the period ending in 1816 — that period in which the domestic market absorbed so large a proportion of cotton that was produced. It died away, in the years that followed, from 1817 to 1824, when mills and furnaces were closed, and mechanics were, everywhere throughout the country, suffering for want of food. It grew again, in the period from 1824 to 1834, when the product of iron rose to 200,000 tons, and thus enabled the farmers of the country to double their demands for the products of the plantation. It declined from 1834 to 1842 — the period, during which, the domestic production of iron, and the domestic consumption of cotton, remained almost unchanged in quantity, notwithstanding an addition of 25 per cent. to our population — It grew again, from 1842 to 1848 — the domestic production of iron having in that brief period almost quadrupled, while the domestic demand for cotton doubled. It has now declined — the production of iron being less than it was five years since, and the demand for cotton being, at this moment, not greater, probably, than it was in 1842, when our numbers were little more than half as great as they are at the present hour.

We have now, probably, thirty millions of people, occupying the thirty-one States, of which, Mr. President, you spoke; and yet, among them all, there is, at the present time, almost literally, no commerce.—The planter stores his cotton — waiting for better prices. For the same reason, the farmer houses his wheat and his corn. Neither of them, therefore, is able to purchase cloth or iron. The iron master, as a consequence, is forced to close his furnace, and the maker of cloth closes his mill. Wages ceasing to be paid, the owner of houses receives no rent. Houses

ceasing to be built, the unemployed mason and carpenter take their places by the side of the already discharged workers in wool and cotton, in coal and iron. Commerce thus perishes; and this it does, because our rulers, Mr. President, have been led to believe that national wealth and power were to be obtained, as the results of measures directly the reverse of those so plainly indicated by yourself, at the opening of the Central railroad, but a few years since. You, then, most clearly saw, that what we needed was, the establishment of that entire freedom of commerce among ourselves, that would enable each and every man to find, at the instant, a purchaser for all his powers of body, or of mind; and that, so far as the system commonly called "free trade," tended to prevent the growth of that commerce, it was precisely the sort of freedom that we did NOT want. — A disciple in the school of Adam Smith, you could not fail to agree with him in his estimate of the vast advantage to be derived by the farmer from condensing thousands of pounds of food and wool into a piece of cloth, and thus diminishing the tax of transportation — every step in that direction tending towards diversifying employments, and thus extending domestic commerce, while greatly facilitating intercourse with the distant nations of the world.

The greater the number of differences among men — the greater the diversity of demands for their various faculties — the greater, Mr. President, is the power to maintain commerce among themselves. The greater the domestic commerce, the greater is, always, the power to maintain commerce with distant people, and the greater the tendency towards the growth of wealth and power. For proof of this, we need only look to France — that country of Europe whose policy has most consistently been directed towards the diversification of employments, and the extension of internal commerce. Seeking, however, further evidence of this, you may look to Belgium, Sweden, Denmark, and Northern Germany, in all of which you will find a rapid extension of intercourse with the world, as a necessary consequence of increasing power for the maintenance of that domestic commerce, so well described by you, Mr. President, as the sort of "free trade" that we really need among ourselves. Looking, next, homeward, you at once are struck with the great power of Massachusetts to maintain commerce with New York and Pennsylvania, when compared with the commercial relations of Virginia with Kentucky, or of Carolina with Tennessee.

Look, however, where you may, you will nowhere find facts more fully confirmatory of the accuracy of your views, than in the commercial history of England, now the great apostle of the sort of free trade that we do *not* require. A century since, she was busily engaged in robbing her soil, and exporting it in the form of raw materials, to be sold, and at the lowest prices, to the manufacturing communities of the lower Rhine. The more the

soil became impoverished, and the less its yield, the lower, as, Mr. President, you have seen, became the prices; and hence arose the boast among the German cities, that they bought from the Englishman the skin of the fox for a groat, and then re-sold him the tail for a shilling. — Ridiculous as this may now seem, it is precisely what we ourselves are doing — selling flour by the ton, and then buying it back again, in the form of cloth and iron, by the pound — selling cotton by the bale, and then buying it back by the pennyweight — and exhausting the soil in the effort, in this manner, to obtain the little cloth and iron, we are able to consume. Even then, however, a change of the English system was near at hand. Efficient protection — developing the cloth and iron manufactures — soon gave the English farmer a market at home, and thus created domestic commerce, the only solid foundation for a great external one. Raw materials rose in price, while machines and cloths were cheapened; and thus was furnished the most conclusive evidence, that the nation which would advance in wealth and power, must adopt a policy looking to the emancipation of the farmer from the tax of transportation, and to the approximation of the prices of his rude products, and those of the finished commodities required for his use.

Turning now homewards, Mr. President, we find abundant evidence of your perfect accuracy in looking to the extension of domestic commerce, as furnishing the only sure foundation for an extended intercourse with foreign countries, and as being, therefore, the sort of free trade that we really need. — From the date of the passage of the act of 1816, by which the axe was laid to the root of our then-rapidly-growing manufactures, the foreign trade steadily declined, until, in 1821, the value of our imports was less than half of what it had been six years before. Thenceforward, there was little change until the highly protective act of 1828 came fairly into operation — the average amount of our imports, from 1822 to 1830, having been but 80 millions — and the variations having been between 96 millions in one year and 70 in another. Under that tariff, domestic commerce grew with great rapidity — enabling our people promptly to sell their labor, and thus to become large customers to the people of other lands, as is shown by the following figures, representing the value of goods imported: —

1830–31	$103,000,000
1831–32	101,000,000
1832–33	108,000,000
1833–34	126,000,000

Here, Mr. President, is a steady and regular growth — the last of these years being, by far the highest, and exceeding, by more than 50 per cent., the average of the eight years from 1822 to 1830. In this period, not only did we contract no foreign debt, but we paid off the whole of that which previously had existed — the legacy of the war of independence.

The Compromise tariff began now to exert its influence on the societary movement — stopping the building of mills and the opening of mines, and thus lessening the power to maintain domestic commerce. How it operated on that with foreign nations, is shown in the facts, that the imports of 1837 went up to $189,000,000, and those of 1838 down to $113,000,000 — those of 1839 up to $162,000,000, and those of 1840 down to $107,000,000; while those of 1842 were less than they had been ten years before. In this period, we ran in debt to foreigners, to the extent of hundreds of millions, and closed with a bankruptcy so universal, as to have embraced, individuals, banks, towns, cities, States, and the national treasury itself.

That instability is the essential characteristic of the system called free trade — that one which, as you, Mr. President, have so clearly seen, we do *not* want — will be obvious on the most cursory examination of the facts presented by the two periods of that system, through which we have thus far passed. From more than $100,000,000, in 1817, our imports fell, in 1821, to $62,000,000. In 1825, they rose to $96,000,000, and then, two years later, they were but $79,000,000. From 1829 to 1834, they grew steadily and regularly, but, no sooner had protection been abandoned, than instability, with its attendant speculation, re-appeared — the imports of 1836 having been greater by 45 per cent., than those of 1834, and those of 1840 little more than half as great as those of 1836. — Careful study of these facts, Mr. President, can scarcely fail to satisfy you, that the cause of all the difficulties you have so well described, is to be found in the action of the central government; and that, it is in that direction, and not to modification of the local action, we must look for remedy.

Once again, in 1842, protection was restored; and once again, do we find a steady and regular growth in the power to maintain intercourse with the outer world, consequent upon the growth of domestic commerce, as is shown in the following figures: —

1843–44	$108,000,000
1844–45	117,000,000
1845–46	121,000,000
1846–47	146,000,000

Here, Mr. President, we find a constant increase of *power* to go to foreign markets, accompanied by a constant decrease in the *necessity* for resorting to them — the domestic production of cotton and woollen goods having doubled in this brief period, while the domestic production of iron had more than trebled.

Ten years having elapsed since the tariff of 1846 became fairly operative, we have now another opportunity for contrasting the operation of the free trade that we do not want, with that which we so much require. Doing so, we find the same instability by which were characterised the periods which preceded the act of 1824 — that of 1828, and that of 1842 — and on a larger scale.

In 1849–50, our imports were $178,000,000. In 1854, they were $304,000,000. In 1855, $260,000,000. In 1857, $360,000,000— and now, they are about to fall to $180,000,000, if not, even, to a figure greatly lower.

That this must be so, will be obvious to those who study the history of the past few years, and contrast the hundreds of millions of debt we have created — making an annual demand for $30,000,000 for the payment of interest — with the entire discredit into which we have now so justly fallen. That it must be so, will be clear to those who look to the facts, that, prior to the opening of the Crimean war, the price of flour had fallen to a lower point than had ever before been known — that since that period, we have driven millions of men to the creation of farms, that are now about to deluge us with food — that the number of persons engaged in any department of manufacture, is less now, than it was five years since — that the power to purchase food is as steadily declining, as the power to furnish it increases — and that, with favorable seasons, its future price must, certainly, be lower than has ever yet been known. That it must be so, will be apparent to those who look to the facts, that the cotton crop, in 1849, exceeded 2,800,000 bales — that, since that time, the population of the cotton-growing States has been almost a third increased — that the new lands are now becoming productive — that the augmentation of the crop is likely to be as great as it was, after the last bankruptcy, in 1841, when the average was, suddenly, forty per cent. increased — that it is likely soon to reach 4,000,000 bales — that the domestic market will now be 250,000 bales less than it has been in the past two years — that the foreign market will, therefore, be required to absorb at least a million of extra bales — that the farmers of Europe will find a reduction in their power to purchase clothing, consequent upon the reduction in the prices of our food — that the demand tends thus to decline as the supply tends to increase — and, that all past experience goes to show, that after each successive crisis, the permanent average of prices has fallen below that which had been fixed by its predecessor. — The seasons may prove unfavorable, and crops may prove small, but should Providence favor the planter with liberal returns, he is likely to be more nearly ruined, than in any period he yet has seen. Such being the facts in reference to the future of our great staples, it is fair, Mr. President, to assume, that the quantity of foreign merchandise we shall now import will scarcely go beyond, even if it equal, $180,000,000.

How the facts above described have tended to affect the currency, I propose to show in another letter, remaining, meanwhile,

Yours, very respectfully,

HENRY C. CAREY.

Philadelphia, January 19th, 1858.

LETTER THIRTEENTH.

THE single commodity, Mr. President, that is of universal request, is MONEY. Go where we may, we meet persons seeking commodities required for the satisfaction of their wants — yet widely differing in their demands. One needs corn; a second, clothing; a third, books, newspapers, horses, or ships. Many desire food, yet while one would have fish, another rejects the fish and seeks for meat. Offer clothing to him who sought for ships, and he would prove to have been supplied. Place before the seeker after silks, the finest lot of cattle, and he will not purchase. The woman of fashion rejects the pantaloons; while the porter regards her slipper as wholly worthless. Of all these people, nevertheless, there would not be found a single one, unwilling to give labor, attention, skill, houses, bonds, lands, horses, or whatever else might be within his reach, in exchange for money — provided, only, that the quantity offered were deemed sufficient.

Were a hundred ships to arrive at our several ports to-morrow, a single one of which was freighted with gold, she alone would find a place in the editorial columns of our journals — leaving wholly out of view the remaining ninety-nine, freighted with silks and teas, cloth and sugar. The news, too, would find a similar place in almost all the journals of the Union, and for the reason, that all their readers, the *bears* excepted, so much rejoice when money comes in, and so much regret when it goes abroad. Of all the materials of which the earth is composed, there are none so universally acceptable as gold and silver — none, in whose movements so large a portion of every community feels an interest.

Why, Mr. President, is this the case? Because of their having distinctive qualities that bring them into direct connection with the distinctive qualities of man — facilitating the growth of association, and promoting the development of human powers. They are the *indispensable* instruments of society, or commerce.

That they are so, would seem to be admitted by those journalists when giving to their movements so much publicity; and yet, on turning to another column, you would probably find it there asserted, that all this anxiety in regard to money was evidence of ignorance — man's condition being improved, by parting with gold that he can neither eat, drink, nor wear, in exchange for sugar that he *can* eat, and cloth that he *can* wear. Such may be the case, says one reader, but, for my part, I prefer to see money come in, because when it does so, I can borrow at six per cent.; whereas, when it is going out, I have to pay ten, twelve, or twenty. This is doubtless true, says another, but I prefer to see

money arrive — being then able to sell my hats and shoes, and to pay the people who make them. It may be evidence of ignorance, says a third, but I always rejoice when money flows inwards, for then I can always sell my labor; whereas, when it flows outwards, I am unemployed, and my wife and children suffer for want of food and clothing. Men's natural instincts look, thus, in one direction, while mock science points in another. The first, Mr. President, *should* be right, because they are given of God. The last *may* be wrong — being one among the weak inventions of man. Which *is* right, we may now inquire.

Of all the commodities in use among men, there is none the control of which gives to its possessor so large an amount of power, as that of money. Sovereigns in the East heap up gold as provision against future accidents; and finance ministers in the West, rejoice when their accounts enable them to exhibit a full supply of the precious metals. When it is otherwise, the highest dignitaries are seen paying obsequious court to the Rothschild and the Baring, controllers of the money market. So, too, when railroads are to be made, or steamers to be built. Farmers and contractors, land-owners and stockholders, then go, cap in hand, to the Crœsuses of Paris and London, anxious to obtain a hearing — and desiring to propitiate the man of power by making whatsoever sacrifice may seem to be required.

Of all the questions, Mr. President, that are now before us, there is none that so much occupies the public mind, as that of the establishment of the currency on such a basis, as will secure us against future repetition of the "extravagant expansions" and "ruinous contractions," that have, in each and every case, attended the departure of the central government from the course of policy you so much admire — the course which looks to giving us that freedom of domestic intercourse, from which we have been so much debarred. How great, in your opinion, is the importance of this question, is clearly indicated, as well by the fulness with which you have treated it in your Message, as by your suggestions in reference to the remedies that, as you seem to think, may be required for the correction of the evils under which we suffer.

Prior to the formation of the Constitution, the power to create banks, and to define the powers of such institutions, rested, unquestionably, with the States; and as, when they accepted that instrument, they certainly retained all the powers not expressly parted with, not a doubt can now exist of their having, in the time that has since elapsed, acted in full accordance with both its letter and its spirit. Nevertheless, so great in your opinion, Mr. President, are the evils now resulting from the exercise of the power thus retained, that, "after long and much reflection," you have arrived at the conclusion, that, "if experience shall prove it to be impossible to enjoy the facilities which well-regulated banks might afford, without at the same time suffering

the calamities which the excesses of the banks have hitherto inflicted upon the country, it would then be far the lesser evil to deprive them altogether of the power to issue a paper currency, and confine them to the functions of banks of deposit and discount." The measures thus suggested involving, of course, the entire annihilation of the rights of the States, in reference to this important question — rights, that, during half a century from the peace of 1783, had remained entirely unquestioned — it is no matter for surprise, that it should have required the most serious reflection, before you should have satisfied yourself of the necessity for suggesting a remedy so entirely opposed to the views you previously had entertained; and so much opposed, too, to all the ideas of the founders of the Constitution, in reference to the beautiful system of local self-government they had found established. Where, however, Mr. President, exists the power to deprive the States of the exercise of rights with which they have never parted? In the central government? Assuredly not — that government having no power not expressly granted to it by the Constitution. It is asserted, nevertheless, that the Supreme Court stands now ready to reverse all the action of the past seventy years — at this late period deciding, that Washington and Adams, Hamilton and Franklin, Jefferson and Madison, had been altogether wrong in their estimate of the powers of the States — that, according to the true intent and meaning of the Constitution, the regulation of all the banks of the Union belonged to the central authorities — and that, it needs but the passage of an act of Congress, for the reduction of all the banks of the Union to a condition nearly akin to that of saving-funds, authorised to receive the deposits of individuals, and to lend them out; but deprived of all power in any other manner to aid the operations of the communities in which they are placed.

It is but the first step, Mr. President, that is difficult. That once taken, each successive one becomes more easy — the course of man, in whatever direction, whether towards barbarism or civilization, centralization or localization, being one of constant acceleration. The removal of the deposits, in defiance of law, by General Jackson, was a great step towards centralization; and yet, it was but trivial, compared with that you have now suggested — leading, as it inevitably does, to the entire subjection of the currency to the central government. Look almost where we may, Mr. President, throughout the European history of the middle ages, we see the exclusive control of the *indispensable* instrument of society, to have been regarded as furnishing the most important of all the machinery of taxation. — So was it, with our Continental money — the amount of taxes collected by its aid, having been immeasurably greater than could have been collected as a consequence of any direct appeal to the people. So has it been, too, throughout this century, with the Austrian

government — paper money having been issued until it had become greatly depreciated, and then having been replaced by other paper money, whose value was, as the taxpayers were assured, to be maintained. That, in turn, becoming depreciated, it was called in, to be again and again replaced, until nearly the whole original amount had disappeared. — *To relieve themselves from such oppression it was, that the people of European cities established banks;* and it was by means of those institutions, that the control of the currency was finally wrested from the various sovereigns, and vested in their subjects' hands — leaving to the government no power, but that of coinage.

That, Mr. President, having been one of the most important steps in the road towards the improvement of man's condition, the money-shop, or bank, has obtained, in all communities, an importance increasing in the direct ratio of their growth in civilization, and in freedom. Among ourselves, alone, are they the subjects of unceasing denunciation and persecution. Having become "identified with the habits of our people," they cannot, as you say, be "suddenly abolished"; but their further existence can, as you add, be tolerated, only on the condition of their limiting themselves "to their appropriate sphere" — abstaining from "administering to the spirit of wild and reckless speculation, by extravagant loans and issues," and thus rendering themselves of "advantage to the public."

It is quite impossible, Mr. President, to close our eyes to the fact, that all our tendencies, for the last few years, have been towards the absorption of all power by the central authorities; but, great as have been the previous steps in that direction, the one now proposed goes so far beyond them all, as to leave them out of sight. Let the measures thus suggested be carried into effect — let the control of the currency pass into the hands of Federal agents — and all the expansions and contractions you have so well described, will be far exceeded. "Deplorable," as you truly say, is "our present financial condition." The cup of misery will, however, then be full — the pages of history furnishing abundant evidence, that of all the tyrannies yet known to man, that of a centralized democracy is the most oppressive.

That there is great error somewhere, there is no doubt. Does it result from the existence of banks? Scarcely, as it would seem — their growth, throughout Europe, having been in the direct ratio of the advance in civilization. That of France, with its numerous branches, is the creation of the present century. Those of Germany tend rapidly to increase in number. Turkey makes no banks. — Does it lie with bank notes? It would seem not — Great Britain, whose advance in civilization was so rapid, having been, at all times, the leader in the use of a paper circulation. The use of such notes steadily increases in France and Belgium; and yet, of all the countries of Europe, there are none that have

passed so nearly uninjured, through the present crisis. Their use is greater in New England than in Illinois; and yet, the changes in the value of property have been far greater in the latter, than in the former.

Of all the countries of the world, claiming to rank among those most civilized, the only two whose governments are now engaged in a crusade against bank notes, are the United States and England — the two, whose policy is wholly directed to the extension of foreign trade; the two, that now control the chief gold deposits of the world; the two, which regard an increase in the *necessity* for ships and wagons as evidence of growing wealth and power; the two, whose every step is towards increase of centralization; the two, whose policy tends towards diminution in the prices of raw materials, and the subjection of the farmer to the trader; the two, whose crises are most frequent and most severe; and the two, that are now most nearly bankrupt.

The phenomena thus presented for consideration, are, certainly, evidences of declining civilization. Such being the case, further progress in that direction must tend towards barbarism. What, however, is the real route towards civilization? That, Mr. President, is a question that can be answered, only after a brief inquiry into the effects resulting from the possession of money, and into the circumstances which influence its supply, which it is proposed now to make. — Should that result in satisfying you, that the cause of all our difficulties is to be found in the failure of the central government to carry into effect your views in regard to that commerce which we really want, and not in the local action; and should you, thereby, be relieved of all necessity for departing from the construction given to the Constitution by your most distinguished predecessors, it will, I am well assured, be cause of unmixed satisfaction.

Yours, very respectfully,

HENRY C. CAREY.

Philadelphia, January 22*d,* 1858.

LETTER FOURTEENTH.

"MONEY — being a mere commodity — is subject to the same laws that govern wool and cloth, coal and iron. Why, then, should our legislators trouble themselves about its movements, any more than about those of turnips, or potatoes? If we need it, and are ready to pay for it, it will come. If we do not need it, or have nothing with which to pay for it, it will not come; and we shall, perhaps, be better off without than with it." Such, Mr. President, is the sort of argument that, year after year, is used by gentlemen who hold to the idea that countries are to be enriched by increasing trade with distant people, and sacrificing that commerce among ourselves which, as you have so clearly seen, is the sort of "free trade" we really need; by financiers who tell us, that gold being one of our products, its export is as natural and necessary as is that of cotton, and who look, with perfect calmness, at an outward current of the precious metals greatly exceeding the inward one; by Secretaries of the Treasury, who close their eyes to the clouds that are gathering round, and then, when overtaken by the storm, gravely tell the suffering millions, that "it was impossible to foresee the present revulsion in trade and commerce"; and generally, by all that class of middlemen, now so rapidly increasing among ourselves, which lives by preying upon the useful portions of society, and seeks, as far as possible, to widen the distance between the men who labor to produce, and depend upon the sale of their labor and its products, for the ability to feed their wives, their children, and themselves.

Such persons, Mr. President, have, as it would seem, yet to learn, that, in addition to the qualities common to themselves and other commodities, the precious metals possess that other most important one, of being *the great instruments*, provided by the Creator, for facilitating those exchanges of society which constitute that commerce between man and his fellow man, by the growth of which we are furnished with the highest of all the evidences of advancing civilization. By their help it is, that the farmer, the miller, the clothier, and all other members of society, are enabled to purchase for a single cent, a portion of the labors of thousands, and tens of thousands, of men employed in making railroads, engines, and cars, and transporting upon them, annually, hundreds of millions of letters; or, for another cent, their share of the labor of the hundreds, if not thousands, of men who have contributed to the production of a penny newspaper. The mass of small coin is thus a *saving fund* for labor, because it facilitates association and combination — giving utility

to billions of millions of minutes that would be wasted, did not a demand exist for them at the moment the power to labor had been produced. Labor being the first price given for everything we value, and being the commodity that all can offer in exchange, the progress of communities in wealth and influence, is in the direct ratio of the presence, or absence, of an *instant* demand for the forces, physical and mental, of each and every man in the community — resulting from the existence of a power on the part of each and every other man, to offer something valuable in exchange for it. It is the only commodity that perishes at the instant of production, and that, if not then put to use, is lost forever.

We are all, Mr. President, momently producing labor-power, and daily taking in the fuel by whose consumption it is produced; and that fuel is wasted, unless its product be on the instant usefully employed. The most delicate fruits, or flowers, may be kept for hours or days; but the force resulting from the consumption of food, cannot be kept, even for a second. That the instant power of profitable consumption may be coincident with the instant production of this universal commodity, there must be incessant combination, followed by incessant division and subdivision; and that, in turn, followed by as incessant recomposition. This is seen in the case above referred to, where miners, furnace-men, machine-makers, rag-gatherers, carters, bleachers, paper-makers, railroad and canal men, type-makers, compositors, pressmen, authors, editors, publishers, newsboys, and hosts of others, combine their efforts for the production in market of a heap of newspapers that has, at the instant of production, to be divided off into portions suited to the wants of hundreds of thousands of consumers. Each of these latter pays a single cent—then perhaps subdividing it among half a dozen others, so that the cost is perhaps no more than a cent per week; and yet, each obtains his share of the labors of all the persons by whom it had been produced.

Of all the phenomena of society, this process of division, subdivision, composition, and recomposition, is the most remarkable; and yet, Mr. President — being a thing of such common occurrence — it scarcely attracts the slightest notice. Were the newspaper above referred to, partitioned off into squares, each representing its portion of the labor of one of the persons who had contributed to the work, it would be found to be resolved into six, eight, or perhaps even ten thousand pieces, of various sizes, small and great — the former representing the men who had mined and smelted the ores of which the types and presses had been composed, and the latter the men and boys by whom the distribution had been made. Numerous as are these little scraps of human effort, they are, nevertheless, all combined in every sheet, and every member of the community may — for the trivial sum of fifty cents per annum — enjoy the advantage of the information therein

contained; and as fully as he could do, had it been collected for himself alone.

Improvements in the modes of transportation are advantageous to man, but the service thereby rendered, when compared with the cost, is very small. A ship worth $50,000 cannot effect exchanges between men at opposite sides of the Atlantic, to an extent exceeding five or six thousand tons per annum; whereas, a furnace of similar cost will effect the transmutation of thirty thousand tons' weight of coal, ore, limestone, food, and clothing, into iron. Compared with either of these, however, the commerce effected by the help of $50,000 worth of little white pieces, representing labor to the extent of three or five cents — labor which, by their help, is gathered up into a heap, and then divided and subdivided day after day throughout the year — and it will be found that the service rendered to society, in economizing force, by each dollar's worth of money, is greater than is rendered by hundreds, if not thousands, employed in manufactures, or tens of thousands in ships or railroads; and yet there are able writers, Mr. President, who tell us, that money is so much "dead capital," — being "an important portion of the capital of a country that produces nothing for the country."

"Money, as money," says an eminent economist, "satisfies no want, answers no purpose. * * The difference between a country with money, and a country altogether without it, would," as he thinks, "be only one of convenience, like grinding by water instead of by hand." A ship, as a ship — a road, as a road — a cotton-mill, as a cotton-mill — in like manner, however, "satisfies no want, answers no purpose." They can be neither eaten, drunk, nor worn. All, however, are instruments for facilitating the work of association, and the growth of man in wealth and power is in the direct ratio of the facility of combination with his fellow-men. To what extent they do so, when compared with money, we may now inquire. To that end, let us suppose, Mr. President, that by some sudden convulsion of nature all the ships of the world were at once annihilated, and remark the effect produced. The ship-owners would lose heavily; the sailors and the porters would have less employment; and the price of wheat would temporarily fall; while that of cloth would, for the moment, rise. At the close of a single year, by far the larger portion of the operations of society would be found moving precisely as they had done before — commerce at home having taken the place of that abroad. Cotton and tropical fruits would be less easily obtained in Northern climes, and ice would be more scarce in Southern ones; but, in regard to the chief exchanges of a society like our own, there would be no suspension, even for a single instant. So far, indeed, would it be to the contrary, that, in many countries, commerce would be far more active than it had been before — the loss of ships producing a demand for the opening of mines, for the con-

struction of furnaces and engines, and for the building of mills, that would make a market for labor, mental and physical, such as had never before been known.

Let us next suppose that the ships had been spared, and that all the gold and silver, coined and not coined, mined and not mined, had been annihilated, and study the effect that would be produced. The reader of newspapers — finding himself unable to pay for them in beef or butter, cloth or iron — would be compelled to dispense with his usual supply of intelligence, and the journal would be no longer printed. Omnibuses would cease to run, for want of sixpences; and places of amusement would be closed, for want of shillings. Commerce among men would be at an end, except so far as it might be found possible to effect direct exchanges — food being given for labor, or wool for cloth. Such exchanges could, however, be few in number, and men, women, and children, would perish by millions, because of inability to obtain food and clothing in exchange for service. Cities whose population now counts by hundreds of thousands would, before the close of a single year, exhibit hundreds of blocks of unoccupied buildings, and the grass would grow in their streets. A substitute might, it is true, be found — men returning to the usages of those primitive times when wheat or iron, tobacco or copper, constituted the medium of exchange; but under such circumstances, society, as at present constituted, could have no existence. A pound of iron would be required to pay for a *Tribune* or a *Ledger*, and hundreds of tons of any of the commodities above referred to, would be needed for the purchase of the weekly emissions of either. Tons of them would be needed to pay for the food consumed in a single eating-house, or the amusement furnished in a single theatre; and how the wheat, the iron, the corn, or the copper, could be fairly divided among the people who had contributed to the production of the journal, the food, or the amusement, would be a problem entirely incapable of solution.

The precious metals, Mr. President, are to the social body what atmospheric air is to the physical one. Both supplying the machinery of circulation, the resolution of the physical body into its elements when deprived of the one, is not more certain than is that of the social body when deprived of the other. In both these bodies, the amount of force is dependent upon the rapidity of circulation. That it may be rapid, there must be a full supply of the machinery by means of which it is to be effected; and yet there are distinguished writers who mourn over the cost of maintaining the currency, as if it were altogether lost, while expatiating on the advantages of canals and railroads — not perceiving, apparently, that the money that can be carried in a bag, and that scarcely loses in weight with a service of half a dozen years, effects more exchanges than could be effected by a fleet of ships, many of which would, at the close of such a period of service, be rotting

on the shores on which they had been stranded, while the remainder would already have lost half of their original value.

Of all the labor-saving machinery in use, there is none that so much economizes human power, and so much facilitates combination, as that known by the name of money. Wealth, or the power of man to command the services of nature, grows with every increase in the facility of combination — this latter growing with the growth of the ability to command the aid of the precious metals. Wealth, then, should increase most rapidly where that ability is most complete.

Nevertheless, Mr. President, a study of our Treasury Reports of the last few years, would lead to the conclusion, that of all the machinery used by man, the ship was the most important, and the precious metals those that demanded least attention. Year after year, we are told of the wonderful growth of our tonnage; and that, too, by gentlemen who seem never to advert to the fact, that a single ship would carry more tons of food and wool, in the shape of cloth, than it can carry of hundred-weights, in their original form. The great object to be accomplished being, that of increasing the quantity of shipping, it seems almost surprising that we should not, as yet, have had a proposition to require the cotton to be exported in the seed, and the corn in the husk, as a means of increasing the bulk of the things to be transported, and thus augmenting the demand for ships. — Our whole policy looking to the export of our products in their rudest states — and thus maintaining, at its highest, the tax of transportation — and that being the road towards barbarism — it affords no cause for surprise, that our people are so frequently compelled to resort to the use of worthless rags, as furnishing the only means of circulation that are within their reach. — What are the circumstances which tend to increase the supply of money, and how we may be enabled to carry into effect your idea of a real specie circulation, I propose to show in another letter, remaining meanwhile, Mr. President,

Yours, very respectfully,

HENRY C. CAREY.

Philadelphia, January 25th, 1858.

LETTER FIFTEENTH.

For more than twenty years, Mr. President, the Federal government has been engaged in an almost unceasing effort to secure to itself the control of that great instrument of association known as money — the professed object of all its labors in that direction, having been, the establishment of what has been termed "a hard money currency," to the entire exclusion of the paper circulation. The more it has labored, however, the less has been the stability of the currency — the periods distinguished by its most earnest efforts, having been those in which we have been most compelled to dispense with the use of the precious metals. But recently, money, as we were told, abounded — the channels of circulation having been, everywhere, filled with gold. Now, money of every kind, has almost altogether disappeared. "There is scarcely," says a recent traveller, "an Eastern bank-note to be found west of Cleveland, and any few dollars that may straggle this way are eagerly snapped up and sent East as a remittance. Gold is hidden, where it still lingers; but very much not only of this, but of silver change, has been gathered up and sent East. Nebraska bank-notes, generally of dubious solvency, and uniformly convertible into specie, or Eastern paper, only at a ruinous discount, corporation shinplasters, and even individual shinplasters — none of them regarded as of any value far outside of the shadow of the tall 'Banks' whence they are issued — are the accepted substitutes for money in most localities upon, and west of, the Mississippi. One of the Hutchinson brothers — who are now here, singing their way Eastward, from their new home in Minnesota — informed me, that he has been singing along four hundred miles, through Minnesota and Iowa — taking grain for music, wherever cash was unattainable, and has done very well by it. In one instance, a farmer drove up with eight bushels of corn in his sleigh, and his wife and six children seated thereon, saying, 'We have no money, but we all want to hear you, and corn is the best we can give you.' He accepted the corn very gladly, gave eight twenty-five-cent tickets in exchange for it, and sung it out."

Similar to this, Mr. President, was the state of things at the close of the first trial of that "free trade" system, which, as you have so clearly seen, we do *not*, at present, require. So was it, too, in 1840–41, at the close of the second experiment — the only difference between it and its predecessor, having been, that the second crisis was far more fearful than the first. So is it, now, when we are fast approaching the close of the third experiment —

each and every trial of the favorite policy of the central government, thus ending in the total disappearance of that "metallic basis" which it has so much desired to increase.

Why is this so? Because, Mr. President, your predecessors seem ever to have reflected, that, to be enabled to *use* any commodity, or thing, we must first enable ourselves to *get* it; and that, a regular influx of the precious metals is quite as necessary to the maintenance of a hard money circulation, as is an influx of hides and cotton, to enable us to wear shoes and shirts. While asserting that money is a mere commodity, they do not admit that it is subject to the same laws which govern other commodities. Had our policy tended to produce so great an export of cotton as to compel our people to go in rags, no one would have thought of charging the dealers in cotton with crime; and yet, while pursuing a policy that has, whenever tried, resulted in the disappearance of the precious metals, the fact of inability to produce them when demanded, has always been regarded as evidence of criminality in the banks — warranting new additions to the pains and penalties provided by existing laws. Year after year, since the central government undertook the regulation of the currency, have they been increased; and yet, despite the penalties, suspensions have occurred. They must continue to occur, until the central government shall come to appreciate the value of that very homely proverb, which teaches, that a boy cannot eat a cake and yet have it — thence learning, that a community cannot, more than an individual, pursue a course tending to promote the expulsion of the precious metals, and yet enjoy all the advantages attendant upon the maintenance of a specie circulation.

All commodities, Mr. President, go *from* those places at which their utility is small, *to* those at which it is great. Therefore it is, that cotton, wool, and other raw materials, tend towards those places at which employments are most diversified — it being there that the products of the farm command the largest quantity of money. Gold and silver follow in the train of raw materials; and for the reason, that where the farmer and the artisan are most enabled to combine, finished commodities are always cheapest. When Germany exported corn and wool, they were cheap, and she was required to export gold, to aid in paying for the cloth and paper she imported — the latter being very dear. Now she imports both wool and rags; her farmers obtain high prices for their products, and are enriched; and the gold comes to her, because cloth and paper are so cheap, that she sends them to the most distant quarters of the world. So is it with France, Belgium, Sweden, and Denmark — all of which are large importers of raw materials, and of gold. In all those countries, raw materials rise in price; *and the greater the tendency to rise, the more rapidly must the current of the precious metals set in that direction.* The

country that desires to increase its supplies of gold, and thus lower the price of money, is, therefore, required to pursue the course of policy tending most to raise the prices of raw material, and lower those of manufactures. This, however, is directly the opposite of the policy advocated by the British school, which seeks, in the cheapening of all the raw material of manufactures, the means of advancing civilization.

The proposition, Mr. President, above submitted for your consideration, is a very simple one, and yet, it is by its aid, if at all, that we shall arrive at a correct understanding of the cause of the difficulties under which we labor. The precious metals go *from* those countries in which employments are least diversified — *from* those, in which agriculture is least a science—*from* those, in which the yield of the land is least — *from* those, in which the land is becoming more and more exhausted — *from* those, in which the prices of the rude products of the earth are the lowest — *from* those, that are becoming more and more dependent upon trade — *from* those, in which domestic commerce declines — *from* those, in which men are becoming less free — *from* all those, therefore, which decline in civilization. They go *to* those countries in which employments are becoming more diversified — *to* those, in which agriculture is becoming more and more a science — *to* those, in which the yield of the land is largest — *to* those, in which the powers of the land increase — *to* those, in which the farmer's products command the highest prices — *to* those, which are becoming less dependent upon foreign trade — *to* those, in which there is a steady growth of the domestic commerce — *to* those, in which men are becoming less and less enslaved — *to* all those, therefore, in which, with each successive year, we are more and more presented with those phenomena which indicate advance in civilization.

Of the machinery in use by man, it is the most serviceable that is last obtained—the cart following the camel and the mule—the wagon following the cart — and the railroad car, with its locomotive, following the wagon. Of all the instruments given by the Creator for man's use, money is the one which performs the largest amount of service, in proportion to its cost; and therefore it is, that it is always the last to be obtained. Countries whose people are limited to the single pursuit of scratching the earth, can neither afford to buy nor keep it. Therefore it is, that the precious metals go from Portugal and Turkey, Brazil and Chili, California and Australia, in both of which latter, the price of money, as indicated by the rate of interest, is higher than in almost any other portion of the world. — Countries in which the pursuits of man are diversified — those, therefore, in which the prices of agricultural products tend to rise — *can* afford to buy and keep them; and that such diversification is essential to the existence of the power so to do, is proved by every fact in the

history of English commerce in the last century, and in those of all the advancing countries of Europe in the present one. — That power grows with the growth of domestic commerce, the only sure foundation, as you, Mr. President, have so clearly seen, of a great foreign one. In its existence, therefore, may be found the most conclusive proof of advancing civilization. Which have been the periods at which it has existed among ourselves, and how it has affected the supplies of gold, we may now inquire.

What was the commerce in the precious metals in the thirty years preceding the discovery of California, is shown by the following figures : —

	Excess exports.	Excess imports.
1821–1825	$12,,500,000	.....
1826–1829	.....	$4,000,000
1830–1834	.....	20,000,000
1835–1838 (a period of extensive foreign loans)	.....	34,000,000
1839–1842	9,000,000	.....
1843–1847 (foreign debt largely reduced)	.....	39,000,000
1848–1850	14,000,000	.....

In the closing years of the free trade system of 1817, Mr. President, the average excess of specie export was about $2,500,000 a year. Adding to this a similar amount, only, for the annual consumption, we obtain an absolute diminution of five-and-twenty millions — the population having, meantime, increased about ten per cent. Under such circumstances, it is no matter of surprise that those years are conspicuous among the most calamitous ones in all our history. At Pittsburg, flour then sold at $1.25 per barrel ; wheat, throughout Ohio, would command but 20 cents a bushel ; while a ton of bar iron required a little short of eighty barrels of flour to pay for it. Such was the state of affairs that produced the tariff of 1824 — a very imperfect measure of protection, but one that, imperfect as it was, changed the course of the current, and caused a *net* import, in the four years that followed, of $4,000,000 of the precious metals. In 1828, there was enacted the first tariff tending directly to the promotion of association throughout the country ; and its effects exhibit themselves in an excess import of the precious metals — averaging $4,000,000 a year — notwithstanding the discharge, in that period, of the whole of the national debt that had been held in Europe, amounting to many millions. Putting together the discharge of debt and the import of coin, the balance of trade in that period must have been in our favour to the extent of nearly $50,000,000 ; or an average of about $10,000,000 a year. As a consequence, prosperity existed to an extent never before known — the power to purchase foreign commodities having grown with such rapidity as to render it necessary greatly to enlarge the free list ; and then it was, that coffee, tea, and many other raw commodities, were emancipated from

the payment of any impost. Thus did efficient protection lead to a freedom of commerce, abroad and at home, such as had never before existed.

The first few years of the compromise tariff of 1833, profited largely by the prosperity caused by the act of 1828, and the reductions under it, were then so small, that its operation was but slightly felt. In those years, too, there was contracted an enormous foreign debt — stopping the export of specie, and producing an excess import averaging more than $8,000,000 a year. Prosperity *seemed* to exist, but it was of the same description that has marked the last few years, during which the value of all property has depended entirely upon the power to contract debts abroad— thus placing the nation more completely under the control of its distant creditors.

In the succeeding years, the compromise became more fully operative.* Furnaces and factories were closed, with constantly increasing necessity for looking abroad for the performance of all exchanges, and corresponding necessity for remitting money to pay the balance due on the purchases of previous years. Nevertheless, the annual specie export averaged little more than $2,000,000; but if to this be added, a consumption of only $3,000,000 a year, we have a reduction of $20,000,000; the consequences of which were seen, in an almost total suspension of domestic commerce. The whole country was in a state of ruin. Laborers were everywhere out of employment, and being still consumers, while producing nothing, the power of accumulation ceased, almost, to exist. Debtors being everywhere at the mercy of creditors, sales of real estate were chiefly accomplished by help of the sheriff, whose perquisites were then larger than they had been at any time from the date of the Constitution.

The change in the value of labor, consequent upon the stoppage of the circulation that followed this trivial export of the precious metals, cannot, Mr. President, be placed at less than $500,000,000 a year. Wages were low, even where employment could be obtained; but a large portion of the labor-power of the country was totally wasted, and the demand for mental power diminished even more rapidly than that for physical exertion. In the prices of land, houses, machinery of all kinds, and other similar property, the reduction counted by thousands of millions of dollars; and yet, the difference between the two periods ending in 1833 and 1842, in regard to the monetary movement, was only that between an excess import of $5,000,000, and an excess export of $2,500,000, or a total of $7,500,000 a year. No one who

* One-tenth of the excess over 20 per cent. was reduced in December, 1833; another tenth in 1835; a third in 1837; a fourth in 1839; the remaining excess of duties being then equally divided into two parts, to be reduced in 1841 and 1842.

studies these facts, can fail to be struck with the wonderful power over the fortunes and conditions of men, exerted by the metals provided by the Creator, for furthering the work of association among mankind. With the small excess of import in the first period, there was a steady tendency towards equality of condition among the poor and the rich, the debtor and the creditor; whereas, with the slight excess of export in the second one, there was a daily increasing tendency towards inequality — the poor laboror and the debtor, passing steadily more under the control of the rich employer, and the wealthy creditor.

Of all the machinery furnished for the use of man, there is none, Mr. President, so equalizing in its tendency as that known by the name of money; and yet economists would have the world believe that the agreeable feeling which, everywhere, attends a knowledge that it is flowing in, is evidence of ignorance — any reference to the question of the favorable or unfavorable balance of trade, being beneath the dignity of men who fancy they are following in the footsteps of Hume and Smith. It would, however, be as difficult to find a single prosperous community that is not, from year to year, making itself *a better customer to the gold-producing countries*, as it would be to find one that is not becoming a better customer to those which produce silk, or cotton. To be an improving customer, there must be in its favor a steadily increasing balance of trade, to be settled by payment in the commodity for whose production the country is fitted, whether that be cloth, or tobacco, silver or gold.

The condition of the nation at the date of the passage of the act of 1842, was, Mr. President, humiliating in the extreme. The Treasury — unable to obtain at home the means required for administering the government, even on the most economical scale — had failed in all its efforts to negotiate a loan at six per cent., even in the same foreign markets in which it had but recently paid off, at par, a debt bearing an interest of only three per cent. Many of the States, and some even of the oldest of them, had been forced to suspend the payment of interest on their debts. The banks, to a great extent, being in a state of suspension, those which professed to redeem their notes, found their business greatly restricted by the increasing demand for coin to go abroad. The use of either gold or silver as currency had almost altogether ceased. The Federal government, but recently so rich, was driven to the use of inconvertible paper money, in all its transactions with the people. Of the merchants, a large portion had become bankrupt. Factories and furnaces being closed, hundreds of thousands of persons were totally unemployed. Commerce had scarcely an existence — those who could not sell their own labor, being unable to purchase that of others.

Nevertheless, deep as was the abyss into which the nation had

been plunged, so magical was the effect of the adoption of a system tending to the creation of a favorable balance of trade, that scarcely had the act of August, 1842, become a law, when the government found that it could have all its wants supplied at home. Mills, factories, and furnaces, long closed, were again opened; labor came again into demand; and, before the close of its third year, prosperity almost universal reigned. States recommenced the payment of interest on their debts. Railroads and canals again paid dividends. Real estate had doubled in value, and mortgages had been everywhere lightened; and yet the total net import of specie in the first four years, was but $17,000,000, or $4,250,000 per annum! In the last year occurred the Irish famine, creating a great demand for food; the consequence of which was, an import of no less than $22,000,000 of gold — making a total import, in five years, of $39,000,000. Deducting from this but $4,000,000 per annum for consumption, it leaves an annual increase, for the purposes of circulation, of less than $5,000,000; and yet the difference in the prices of labor and land in 1847, as compared with 1842, would be lowly estimated, if placed at only $2,000,000,000.

With 1847, however, there came another change of policy — the nation being again called upon to try the system under which it had been prostrated in 1840–'42. The doctrines of Hume and Smith, in reference to the balance of trade, were again adopted as those by which a government was to be directed in its movements. Protection being then repudiated, the consequences were speedily seen in the fact, that within three years, factories and furnaces were again closed, labor was seeking demand, and gold was flowing out even more rapidly than it had come in, under the tariff of 1842. The excess export of those three years amounted to $14,000,000; and if to this be added $15,000,000 for consumption, it follows that the reduction was equal to the total increase under the previous system. Circulation was rapidly diminishing, and a crisis was close at hand, when, fortunately for the advocates of the existing system, the gold deposits of California were brought to light. Since that time, we have exported some hundreds of millions of dollars of gold, and have contracted some hundreds of millions of foreign debt; and the result is seen, in the facts, that money has ceased to circulate — that the primitive form of barter is taking the place of the more civilized form of purchase and sale — that merchants, by thousands, are utterly bankrupt — that counties, towns, and cities, are unable to pay the interest on their debts — that commerce scarcely exists — and that, the Federal treasury is forced to the use of treasury notes, *which are already at a discount, when compared, even, with irredeemable bank notes.*

Such, Mr. President, is the result, as thus far reached, of the

regulation of the currency by the central government. Such must it continue to be, and for the reason that, while the government is unceasing in its efforts to *compel* the people to forego the use of bank notes, it is equally unceasing in its efforts to reduce the prices of all the products of the soil, and thus *compel* the export of the precious metals. Under a different policy, gold and silver — flowing steadily in — would gradually take the place of paper; but, under the existing one, if fully carried out, we must be reduced to barter — bank notes not being permitted to circulate, and the precious metals not being permitted to remain amongst us. Look in what direction we may, Mr. President, we meet, at home, with evidences of declining civilization; but nowhere can higher proof be found, than in the history of the crusade of the central government against the local banks and their circulation.

Yours, very respectfully,

HENRY C. CAREY.

Philadelphia, January 29th, 1858.

LETTER SIXTEENTH.

"In every kingdom into which money begins to flow in greater abundance than formerly, everything," says Mr. Hume, in his well-known Essay on Money, "takes a new face: labor and industry gain life; the merchant becomes more enterprising, the manufacturer more diligent and skilful; and even the farmer follows his plough with more alacrity and attention."

That this is so, Mr. President, is well known to all. Why should it be so? Because the circulation of society then increases, and all power — whether in the physical or social world — results from motion. When money is flowing in, every man is enabled to find a purchaser for his labor, and to become a purchaser of that of others. Therefore has it been, that commerce has so steadily increased in those countries in which the Californian and Australian products have so rapidly accumulated — France, Germany, and Northern and Western Europe generally. When, on the contrary, money flows out, the circulation diminishes, and labor is everywhere wasted. That labor-power being capital, the result of the consumption of other capital in the form of food, all the difference between an advancing and a declining state of society, is found in the fact, that in the one, there is a constant increase in the rapidity with which the demand for muscular or mental power follows its production, while in the other, there is a daily diminution therein. The more instantly the demand follows the supply, the more is the force economized, and the larger is the power of accumulation. The longer the interval between production and consumption, the greater is the waste of force, and the less is the power of accumulation.

Of all the machinery in use among men, there is none that exercises upon their actions so great an influence, as that which gathers up and divides and subdivides, and then gathers up again, to be on the instant divided and subdivided again, the minutes and quarter-hours of a community. It is the machinery of association, and the *indispensable* machinery of progress; and therefore it is, that we see in all new, or poor, communities so constant an effort to obtain something to be used in its stead; as is shown in various countries in which an irredeemable paper constitutes the medium of exchange. Throughout the West, a currency of some description is felt to be among the prime necessities of life. So well is this want understood, that many Eastern banks supply notes expressly for Western circulation — the people there passing them from hand to hand, because any money is better than none, and good they cannot get, for the reason that metallic money always flows *from* the place where the charge for its use is high, *to* that

at which it is low. The rate of interest in the West is now enormous, but each successive day witnesses the export of gold to the East, where it is somewhat less; and yet, even our high interest—ranging, as it has done for years, between ten and thirty per cent. per annum — cannot prevent it from going to France and Germany, where it commands but five or six per cent. Money thus obeys the same law as water — *seeking always the lowest level.* The latter falls upon the hills, but, from the moment of its fall, it never stops until it reaches the ocean; nor does the gold of California, or the silver of Mexico, stop until it reaches that point at which money most abounds, and at which, for that reason, the price paid for its use is lowest.

Of all the commodities in use by man, the precious metals are those, Mr. President, whose movements furnish the most perfect test of the soundness, or unsoundness, of its commercial system. They go *from* those countries whose people are engaged in exhausting the soil, *to* those in which they renovate and improve it. They go *from* those at which the price of raw products, and the land itself, is low — *from* those at which money is scarce, and interest is high. The country that desires to attract them, and thus to lower the charge for the use of money, has, then, only to adopt the measures required for raising the price of land and labor. In all countries, the value of land grows with that development of the human faculties which results from diversity in the modes of employment, and consequent growth of the power of combination. That power grows in all the countries of Northern Europe; and for the reason, as has been shown, that all those countries have adopted the course of policy recommended by Colbert, and carried out by France. It declines in Great Britain, in Ireland, in Portugal, in Turkey, in the Eastern and Western Indies, and in all countries that follow the teachings of the British school. It has grown among ourselves in every period of protection; and then — money having flowed in — land and labor have risen in value. It has diminished in every period in which foreign trade has obtained the mastery over domestic commerce. Land and labor have always declined in value as soon as our people had eaten, drunk, and worn foreign merchandise to the extent of hundreds of millions of dollars, beyond the value of their exports of the rude products of the soil, and have thus compelled the withdrawal of the "metallic basis" of their paper circulation.

We are told, however, by the same writer — Mr. Hume — and in that he is followed by the modern economists — that the only effect of an increase of the supply of gold and silver is that of "heightening the price of commodities, and obliging every one to pay more of those little yellow or white pieces for everything he purchases." Were such really the case, it would be little short of a miracle, that we should see money always, century after century, passing in the same direction — to the countries that are rich

from those that are poor; so poor, too, that they cannot afford to keep as much of it as is required for their own exchanges. The gold of Siberia leaves a land in which so little circulates, that labor and its products are at the lowest prices, to find its way to St. Petersburg, where it will purchase less labor, and less of either wheat or hemp, than it would do at home; and that of Carolina and Virginia goes steadily and regularly, year after year, to the countries to which the people of those States send their cotton and their wheat, because of the higher prices at which they sell. The silver of Mexico, and its cochineal, travel together to the same market; and the gold of Australia passes to Britain by the ship which carries the wool yielded by the flocks.

Every addition to the stock of money, as we are assured by the ingenious men of modern days, engaged in compiling treasury tables and finance reports, renders a country a good place to sell in, but a bad one in which to purchase. To what countries, however, is it, that men have most resorted when they desired to purchase? Have they not, until recently, gone, almost exclusively, to Britain? It has been so, assuredly; and for the reason, that there it has been, that finished commodities were cheaply furnished. Where have they gone to sell? Has it not been to Britain? It certainly has been so; and for the reason, that there it was, that gold, cotton, wheat, and all other of the rude products of the earth, were dear. Where do they now most tend to go when they desire to purchase cloths or silks? Is it not to France and Germany? So it certainly is; and for the reason, that there it is that raw materials are highest, and finished ones are cheapest. Gold follows in the train of raw materials generally — these last being found, invariably, travelling to those places at which the rude products of the earth command the highest prices, while cloth, iron, and manufactures of iron and other metals, may be purchased at the lowest; and the greater the flow in that direction, the greater is the tendency to further enhancing the prices of the former, and reducing those of the latter. From this it would seem, Mr. President, that increase in the supply of money, so far from having the effect of causing men to give two pieces for an article that could before have been had for one, has, on the contrary, that of enabling them *to obtain for one piece the commodity that before had cost them two;* and that such is the fact, can readily be shown.

The stock of gold among ourselves, has, within the last few years, been much increased; and yet, so far is it, from producing the effects above described, that the prices of wheat, cotton, tobacco, and all our other products, now steadily decline, and the farmer and planter have in prospect, lower prices than they have ever seen. Why, Mr. President, is this the case? Because, for more than twenty years, the central government has been engaged in an almost unceasing effort to promote the habit of hoarding the precious metals, and thus — by lessening their power of circu-

lation — has almost annihilated their utility. Because, in the vain hope of establishing, by means of such measures, "a hard money currency," it has waged an almost unceasing war upon public and private credit — prohibiting the use of circulating notes in all transactions in which it is itself concerned, and urging upon the local authorities, the necessity for following its example. With it, freedom of trade in reference to the most important of all the commodities in use by man, has not consisted in letting the people think and act for themselves, but in *compelling* them to act in obedience to its mandates.

The use of circulating notes tends, however, as we are assured, to promote the expulsion of gold. Were it to do so, Mr. President, it would be in opposition to the great general law, in virtue of which all commodities tend *to*, and not *from*, the places at which their utility is greatest. Cotton-wool tends to go *from* the plantation, and *to* the mill. Hides tend to go *from* the farm, and *to* the tanner's yard. Gold and silver tend to go *from* Peru and California, and *to* those places at which such metals are most required in the arts, and at which industry is most diversified — the same laws thus governing all commodities, be they what they may.

A bank, Mr. President, is a machine for utilizing money, by enabling A, B, and C, to obtain the use of it at the time when D, E, and F, its owners, do not need its services. The direct effect of the establishment of such institutions in European cities has always been to cause money to flow *towards* those cities; and for the reason, that there its utility stood at the highest point. Even then, however, there were difficulties attendant upon the change of property in the money deposited with the bank — the owner having been required to go to the banking-house, and write it off to other parties. To obviate this difficulty, and thus increase the utility of money, its owners were at length authorized to draw checks, by means of which they were enabled to transfer their property — without stirring from their houses.

The difficulty still, however, existed, that — private individuals not being generally known — such checks could, in general, effect but a single transfer; and thus, the recipient of money found himself obliged to go through the operation of taking possession of that which had been transferred to him, after which he had, in his turn, to draw a check, when he himself desired to effect another change of property. To obviate this, circulating notes were invented, by help of which the ownership of money is now transferred with such rapidity, that a single hundred dollars passes from hand to hand fifty times a day — effecting exchanges, perhaps, to the extent of many thousand dollars, and without the parties being at any time required to devote even a single instant to the work of counting coin. This was a great invention, by aid of which the utility of money was so much increased, that a

single thousand pieces could be made to do more work than, without it, could be done by hundreds of thousands.

This, of course, as we are told, supersedes gold and silver, and causes them to be exported. So we are certainly assured, by those economists who regard man as an animal that must be fed, and will procreate — as a slave, who can be made to work only under the pressure of a strong necessity. Were they, however, to look, for once, at the real MAN — the being made in the image of his Creator, and capable of almost infinite elevation — they would, perhaps, arrive at a conclusion widely different. The desires of *that* man being infinite, the more they are gratified, the more rapidly do they increase in number. The miserable Hottentot dispenses with a road of any kind, but the enlightened and intelligent people of other countries, are seen passing in succession from the ordinary village road to the turnpike, and thence to the railroad; *and the better the existing communications, the greater is the thirst for further improvement.* The better the schools and houses, the greater is the desire for superior teachers, and for further additions to the comforts of the dwelling. The more perfect the circulation of society, the larger is the reward of labor, and the greater is the power to purchase gold and silver, to be used for the various purposes for which they are so admirably fitted; and the greater is the tendency to have them flow to the places at which that circulation is established. Money promotes the circulation of society. The check and the bank note stimulate that circulation — giving thereby value to labor and land; and wherever checks and notes are most in use, there, Mr. President, should the inward current of the precious metals be most fully and firmly established.

That such *is* the case, is proved by the facts, that, for a century past, the precious metals have tended most to Britain, where such notes were most in use. Their use increases rapidly in France, with constant increase in the inward flow of gold. So, too, does it in Germany, towards which the auriferous current now sets so steadily, that notes which are the representatives of money, are rapidly taking the place of those irredeemable pieces of paper, by which the use of coin has so long been superseded.

Whence flows all this gold? *From* the countries in which employments are not diversified; *from* those, in which there is little power of association and combination; *from* those, in which, therefore, credit has no existence; *from* those, finally, which do not use that machinery which so much increases the utility of the precious metals, and which we are accustomed to designate by the term *bank-note.* The precious metals go *from* California — *from* Mexico — *from* Peru — *from* Brazil — *from* Turkey — and *from* Portugal — the lands in which property in money is transferred only by means of actual delivery of the coin itself — *to* those, in which it is transferred by means of a check, or note. They go *from*

the plains of Kansas, where notes are not in use, *to* New York and New England, where they are—*from* Siberia *to* St. Petersburg—*from* the banks of African rivers *to* London and Liverpool—and *from* the "diggings" of Australia *to* the towns and cities of Germany, where wool is dear and cloth is cheap.

All the facts exhibited throughout the world tend, Mr. President, to prove that every commodity seeks that place at which it has the highest utility; and all those connected with the movement of the precious metals prove that they constitute no exception to the rule. Bank notes—increasing the utility of those metals—should, therefore, attract, and not repel, them. Nevertheless, the two nations of the world which claim best to understand the principles of commerce, are now engaged in a crusade against such notes; and in the vain hope of thereby rendering their several countries more attractive of the produce of the mines of Peru and Mexico, Australia and California. The result is seen in the fact, that both are nearly bankrupt.

It is a great mistake; and its existence here is due to the fact, that our system of policy tends to that expulsion of the precious metals, which always *must* result from the long-continued export of the raw products of the earth. The administration that adopted what is called free trade, was the same that commenced the system of *compelling* the community to use gold instead of notes; and the result was found in the total disappearance of coin from circulation. From that time to the present, the motto of the generally dominant party of the Union has been—"War to the death against bank notes"; and, with a view to promote their expulsion, laws have been passed in various States, forbidding their use, except when of too great size to enter freely into the transactions of the community. As must, however, inevitably be the case, the tendency to the loss of the precious metals has always been in the direct ratio of the diminution in their utility thus produced. At one time only, in almost twenty years, has there been an excess import of those metals, and that was under the tariff of 1842. Then, money became abundant and cheap; because the policy of the country looked to the promotion of association and the extension of domestic commerce. Now, it is scarce and dear; because that policy limits the power of association, and establishes the supremacy of trade.

Careful study of these facts, can scarcely, Mr. President, fail to satisfy you, that the cause of difficulty lies wholly in the central government; and that, to that government it is, we are to look for change. The expansions and contractions of which you so much, and so justly too, complain, having all occurred in those periods in which the policy of the Union has tended towards the sacrifice of domestic commerce—towards the exhaustion of the soil—towards the depression of the prices of the farm and the plantation—and towards the expulsion of our people from the

older States, the remedy is to be found in the adoption of one which shall look to the extension of domestic commerce — to the creation of a *real* agriculture — to the elevation of the rewards of labor employed upon the land — and to the concentration of our population. That policy, Mr. President — giving us that real free trade which you so much admire — would enable us to import, and to retain, abundant supplies of the precious metals, and thus to establish, upon a sure foundation, the hard money currency you so anxiously desire.

"No other nation," as you most truly say, "has ever existed, which could have endured such violent expansions and contractions of paper credits, without lasting injury." No other nation has been so unfortunate as to have a government always at war with public and private credit; and none other, after so long a period of intestine war, could have retained so much vitality. — Let the central government, Mr. President, review its action during the last twenty years — let it see that its policy has looked to the destruction of that internal commerce upon which, alone, a prosperous foreign one can be built — let it follow in the footsteps of the patriots of the Revolution — and your hopes in the future will all be realized — "the buoyancy of youth, the energies of our population, and the spirit which never quails before difficulties," then, but not otherwise, enabling us "to recover from our financial embarrassments," and "even occasioning us speedily to forget the lessons they have taught." Each and every period of what is called free trade, having ended in bankruptcy, on each and every occasion, general wealth, peace, happiness, and constantly increasing power, have resulted from the adoption of protection. So, Mr. President, must it ever be — the depression and ruin of the agricultural interest being the necessary consequences of the former of these systems, and its elevation having always resulted from the adoption of the latter.

With great respect,

Your obed't servant,

HENRY C. CAREY.

Philadelphia, February 2d, 1858.

LETTER SEVENTEENTH.

CIVILIZED communities — those communities, Mr. President, which have obtained that freedom of domestic intercourse which, as you have seen, we so sorely need — follow the advice of Adam Smith, in exporting their wool, and their corn, in the form of cloth, at little cost for transportation. Thus, France, in 1856, exported silks and cloths, clothing, paper, and articles of furniture, to the extent of $300,000,000; and yet the total weight was short of 40,000 tons — requiring for its transport but forty ships of very moderate size.

Barbarous, and semi-barbarous countries, on the contrary, export their commodities in their rudest state, at heavy cost for transportation. India sends the constituents of cloth — cotton, rice, and indigo — to exchange, in distant markets, for the cloth itself. Brazil sends raw sugar across the ocean, to exchange for that which has been refined. We send wheat and Indian corn, pork and flour, cotton and rice, fish, lumber, and naval stores, to be exchanged for knives and forks, silks and cottons, paper and China-ware. The total value of these commodities exported in 1856 — high as were then the prices — was only $230,000,000; and yet, the American and foreign ships engaged in the work of transport, were of the capacity of 6,872,253 tons — requiring for their management no less than 269,000 persons.*

In the movement of all this property, Mr. President, there is great expense for transportation. Who pays it? Ask the farmer of Iowa, and he will tell you, that he sells for 15 cents — and that, too, payable in the most worthless kind of paper — a bushel of corn that, when received in Manchester, commands a dollar; and that he, in this manner, gives to the support of railroads and canals, ships and sailors, brokers and traders, *no less than eighty-five per cent. of the intrinsic value of his products.* Ask him once again, and he will tell you, that while his bushel of corn will command, in Manchester, 18 or 20 yards of cotton cloth, he is obliged to content himself with little more than a single yard — *eighty-five per cent. of the clothing power of his corn having been taken, on the road,* as his contribution towards the tax imposed upon the country, for the maintenance of the machinery of that "free trade" which, as you, Mr. President, have so clearly seen, is the sort of freedom we do *not*, at present, need.

The country that exports the commodity of smallest bulk, is

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* This is the total tonnage that arrived from foreign countries, in that year. A small portion was required for the transport of manufactured commodities, but it was so small as scarcely to require notice.

almost wholly freed from the exhausting tax of transportation. At Havre — ships being little needed for the outward voyage, while ships abound—the outward freights must be always very low.

The community that exports the commodities of greatest bulk, must pay nearly all the cost of transportation. A score of ships being required to carry, from our ports, the lumber, wheat, or naval stores, the tobacco, or the cotton, required to pay for a single cargo of cloth, the outward freights must always be at, or near, that point which is required to pay for *the double voyage* — and every planter knows, to his cost, how much the price of his cotton is dependent upon the rate of freight.

In the first of these, Mr. President, employments become, from day to day, more thoroughly diversified — the various human faculties become more and more developed — the power of combination tends steadily to increase — agriculture becomes more and more a science — the land becomes more productive — the societary movement becomes more stable and regular — and the power to purchase machinery of every kind, whether ships, mills, or the precious metals, tends steadily to augment.

In the last, the reverse of this is found — the pursuits of men becoming less diversified — the demand for human faculty becoming more and more limited to that for mere brute force, or for the craft by which the savage is so much distinguished — the power of association tending to decline — agriculture becoming less and less a science, and the land becoming more and more exhausted— the societary movement acquiring, more and more, the fitfulness and irregularity of movement you have so well described, as existing among ourselves — and the power to obtain machinery of any kind tending steadily to diminish.

The first of these, Mr. President, may be found in the countries of Central and Northern Europe — those which follow in the lead of Colbert and of France. All of these, are gradually emancipating themselves from the most oppressive of all taxes, the tax of transportation. All of them, therefore, are moving in the direction of growing wealth and power, with correspondent advance in civilization, and in freedom.

The last may be found in Ireland, India, Jamaica, Portugal, Turkey, and these United States — the countries which follow in the lead of England. All of these, are becoming more and more subjected to the tax of transportation. All of them, therefore, are declining in wealth and power, in civilization, and in freedom.

In the first, the land yields more and more with each successive year — with constant increase in the power of a bushel of wheat, or a pound of wool, to purchase money. In the last, the land yields less from year to year, with constant tendency to decline in the price of food and cotton. The first, import the precious metals. The last, export them. The first, find daily increase of power to maintain a specie circulation, as the basis of the higher and better

currency supplied by banks. The last, are gradually losing the power to command a circulation of any kind, and tending, more and more, towards that barbaric system of commerce which consists in exchanging labor against food, or wool and corn against cloth.

We may be told, however, Mr. President, that in return for the eighty-five per cent. of his products that, as we see, is paid by the farmer of Iowa, and by the Texan planter, we are obtaining a magnificent system of railroads — that our mercantile marine is rapidly increasing — that, by its means, we are to secure the command of the commerce of the world, &c., &c. How far all this is so, we may now inquire. To me, it certainly appears, that if this be, really, the road to wealth and power — it would be well to require the exportation of wheat instead of flour, paddy in place of rice, cotton in the seed, corn in the ear, and lumber in the shape of logs, rather than in that of planks.

Looking, first, to our internal commerce, we find a mass of roads, most of which have been constructed, by help of bonds, bearing interest at the rate of 6, 8, or 10 per cent. — bonds that have been disposed of, in the market, at 60, 70, or 80 per cent. of their nominal value, and could not now, probably, be re-sold at more than half the price at which they were originally bought. Half made, and little likely ever to be completed, these roads are worked at great expense — while requiring constant and great repairs. As a consequence of this it is, that the original proprietors have almost wholly disappeared—the stock being of little worth. The total amount applied to the creation of railroads having been about $1000,000,000, and the average present value scarcely exceeding 40, if even 30, per cent., it follows that $600,000,000 have been sunk, and with them, all power to make new roads. Never, at any period of our history, have we been, in this respect, so utterly helpless as at present. Nevertheless, the policy of the central government looks steadily to the dispersion of our people, to the occupation of new territories, to the creation of new States, and to the production of a necessity for further roads. That, Mr. President, is the road to physical and moral decline, and political death, as will soon be proved, unless we change our course.

The railroad interest being in a state of utter ruin, we may now turn to the shipping one, with a view to see how far we are likely, by its aid, to obtain that command of the commerce of the world, so surely promised to us, by the author of the tariff of '46. Should that prove to be moving in the same direction, the fact will certainly afford new and stronger proof of the perfect accuracy of your own views, Mr. President, as to the sort of freedom we so much require.

In a state of barbarism—person and property being insecure—the rate of insurance is high. Passing thence towards civiliza-

tion, security increases, and the rate of insurance declines, as we see it to be so rapidly doing, in reference to fire, in all the advancing countries of Europe. Our course, in reference to shipping, being in the opposite direction — security diminishing, when it should increase — the rate of insurance steadily advances, as here is shown: —

Rates of Insurance upon American Ships.

	1846.	1858.
To Cuba	1¼ per cent.	1½ to 2 per cent.
" Liverpool	1¼ "	1½ to 2 "
" India and China	1¾ "	2½ "
To and from Liverpool, on packet-ships, annual rates	5 "	8 "

To what causes, Mr. President, are we to attribute this extraordinary change? May it not be found in the fact, that the more we abandon domestic commerce, and the larger the amount of taxation imposed upon our farmers for the maintenance of transportation, the greater becomes the recklessness of those who gain their living out of that taxation? Look back to the last free trade period — that from 1837 to 1841 — and you will find phenomena corresponding precisely with those which are now exhibited, although not so great in magnitude. At present, the utter recklessness — the total absence of conscientious feeling — here exhibited, is such as to astonish the thinking men of Europe. Railroad accidents have become so numerous as scarcely to attract even the momentary attention of the reader, and the loss of life becomes greater from year to year. Steamers are exposed to the storms of the lakes, that are scarcely fit to navigate our rivers. Ships that are unfit for carrying insurable merchandise, are employed in the carriage of unfortunate passengers — they being the only commodity, for whose safe delivery the ship-owner cannot be made responsible. Week after week, the records of our own and foreign courts, furnish new evidence of decline in the feeling of responsibility which, thirty years since, characterized the owners of American ships, and the men therein employed.

Look where we may, Mr. President, on the sea, or on the land, evidences of demoralization must meet our view. "Stores and dwellings" — and here I give the words of a New York journal — "are constructed of such wretched materials as scarcely to be able to sustain their own weight, and with apologies for walls which tumble to the ground, after being exposed to a rain of a few hours' duration, or to a wind which possesses sufficient force to set the dust on the highways in motion. Entire blocks of edifices are put up, with the joists of all so connected with each other, as to form a complete train for the speedy communication of fire from one to another. Joists are built into flues, so that the ends are exposed to becoming first heated, and then ignited by a flying spark.

Rows of dwellings and warehouses are frequently covered with a single roof, which has not, in its whole extent of combustible material, a parapet wall, or other contrivance, to prevent the spread of the flames in the event of a conflagration."

The feeling of responsibility, Mr. President, grows with the growth of real civilization. It declines with the growth of that mock civilization, but real barbarism, which has its origin in the growing necessity for ships, wagons, and other machinery of transportation. The policy of the central government tends steadily towards its augmentation, and hence it is, that American shipping so steadily declines in character, and in the proportions which it bears to that of the foreigners with whom we are required to compete.

Two years since, we were told, that our shipping already exceeded 5,000,000 tons — that we had become the great maritime power of the world — and, of course, that this great fact was to be received as evidence of growing wealth and power. Last year, however, exhibited it as standing at only 4,871,000 tons, and future years are likely to show a large decrease — ships having become most unprofitable. More than four-fifths of the products of Western farms, and South-western plantations, are, as we have seen, taken for the support of railroads and ships; and yet, the roads are bankrupt, while the ships have done little more, for some years past, than ruin the men who owned them. Such being the case, it seems little likely, that it is by means of sailing ships we are to acquire that control of the commerce of the world, so confidently promised when, in 1846, we were led to abandon the policy which looked to the creation of a domestic commerce, as the true foundation of a great foreign one. What are the prospects in regard to that higher description of navigation, which invokes the aid of steam, I propose to show in another letter — remaining, meanwhile, Mr. President,

Yours, very respectfully,

HENRY C. CAREY.

Philadelphia, February 6th, 1858.

LETTER EIGHTEENTH.

EVERY improvement in the construction of the ship tends to lessen the proportion borne by her tonnage, to the weight of the commodities to be moved. Every improvement in the quality of the commodities moved, tends to augment the proportions borne by the value transported, to the tonnage of the ships required for its transportation. Here, Mr. President, is a simple principle, by aid of which we may, perhaps, be enabled to arrive at some conclusion in reference to the tendency of our present policy — progress towards civilization having, everywhere, manifested itself in a diminution in the proportions borne by the machinery of transportation, to the value of the things transported.

In the first year which followed the adoption of the Compromise tariff, that of 1834–5, we sent abroad, cotton and tobacco, food and lumber, to the amount of $92,000,000; and in that year, the shipping, domestic and foreign, that cleared for foreign ports, amounted to 2,030,000 tons. Six years later, in 1840–41, when that tariff had but begun to operate, we exported, of the same rude products, $98,000,000 — the quantity of shipping clearing from our ports having, in the same period, risen to 2,353,000 tons. Two years since, as has been shown, the total value of these exports was $230,000,000, while the quantity of shipping leaving our ports amounted to little less than seven millions of tons — the increase in the former, in twenty years, having been but 150 per cent., while that of the latter had been little short of 350 per cent.

If there is, Mr. President, any single proposition in social science, that cannot be disputed, it is, that wealth, civilization, and power, increase in the ratio of the diminution of the machinery required for performing the work of transportation. On the turnpike, a single horse performs the work, that before had been done by two; and, on the railroad, a single car transports as great a weight as, at first, had been done by hundreds of horses and men, carts and wagons. With every movement in that direction, land becomes more valuable, and man becomes more free. With each and every one in the opposite direction, the value of land declines, and man becomes more and more enslaved.

The first and heaviest tax, Mr. President, to be paid by land and labor is that of transportation; and it is the only one, to which the claims of the State itself are forced to yield precedence. Increasing in geometrical proportion, as the distance from market increases arithmetically, therefore it is, that agreeably to tables

recently published, corn that would produce at market $24.75 per ton, is worth nothing, at a distance of only a hundred and sixty miles, when the communication is by means of the ordinary wagon road — the cost of transportation being equal to the selling price. By railroad, under ordinary circumstances, that cost is but $2.40— leaving to the farmer $22.35, as the amount of tax saved to him by the construction of the road; and if we now take the product of an acre of land, as averaging a ton, the saving is equal to interest, at six per cent., on $370 an acre. Assuming the product of an acre of wheat to be twenty bushels, the saving is equal to the interest on $200; but, if we take the more bulky products — hay, potatoes, and turnips — it will be found to amount to thrice that sum. Hence it is, that an acre of land, near London, sells for thousands of dollars, while one of exactly equal quality may be purchased in Iowa, or Wisconsin, for little more than a single dollar. The owner of the first enjoys the vast advantage of the endless motion of its products — taking from it several crops in the year, and returning to it, at once, a quantity of manure equal to all he had abstracted; and thus improving his land from year to year. He is *making* a machine; whereas, his western competitor, forced to lose the manure, is *destroying* one. Having no transportation to pay, the former can raise those things of which the earth yields largely — as potatoes, carrots, or turnips; or those whose delicate character forbids that they should be carried to distant markets; and thus does he obtain a large reward for that continuous application of his faculties, and of his land, which results from the power of combination with his fellow-men.

In the case of the latter, all is widely different. Having heavy transportation to pay, he cannot raise potatoes, turnips, or hay, because of them, the earth yields by tons; as a consequence of which, they would be almost, even when not wholly, absorbed on the road to market. He may raise wheat, of which the earth yields by bushels; or cotton, of which it yields by pounds; but if he raise even Indian corn, he must manufacture it into pork, before the cost of transportation can be so far diminished, as to enable him to obtain a proper reward for labor. Rotation of crops being, therefore, a thing unknown to him, there can be no continuity of action, in either himself or his land. His corn occupies the latter but a part of the year, while the necessity for renovating the soil, by means of fallows, causes a large portion of his farm to remain altogether idle—although the cost of maintaining roads and fences is precisely the same, as if every acre were fully occupied.

His time, too, being required only for certain portions of the year, much of it is altogether lost — as is that of his wagon and horses—the consumption of which latter is just as great as if they were always at work. He, and they, are in the condition of steam-engines, constantly fed with fuel, while the engineer as

regularly wastes the steam that is produced — a proceeding involving heavy loss of capital. Further stoppages of employment — both for his land and for himself — resulting from changes in the weather, are consequent upon this limitation in the variety of things that may be cultivated. His crop, perhaps, requires rain that does not come, and his corn, or cotton, perishes of drought. Once grown, it requires light and heat, but in their place come clouds and rain; and it and he are nearly ruined. The farmer near London, or Paris, is in the condition of an underwriter, who has a thousand risks, some of which are maturing every day; whereas, the distant one is in that of a man who has risked his whole fortune, on a single ship. Having made the voyage, she arrives at the entrance of her destined port, when, striking on a rock, she is lost, and her owner is ruined. Precisely such is the condition of the farmer who — having his all at risk on his single crop — sees it destroyed by blight, or mildew, almost at the moment when he had expected to make his harvest. With isolated men, all pursuits are extra-hazardous; but as they are enabled to approach each other, and combine their efforts, the risks diminish, until they almost altogether disappear. Combination of action thus makes of society, a general insurance office, by help of which, each and all of its members are enabled to secure themselves, against almost every imaginable risk.

Great, however, Mr. President, as are these differences, they sink almost into insignificance, compared with that which exists, in reference to the maintenance of the powers of the land. The farmer distant from market is always selling the soil, which constitutes his capital; whereas, the one near London, not only returns to his land, the refuse of its products, but adds thereto, the manure resulting from the consumption of the vast amount of wheat brought from Russia and America — of cotton brought from Carolina and India — of sugar, coffee, rice, and other commodities, yielded by the tropics — of lumber and of wool, the products of Canada and Australia—not only maintaining the powers of his land, but increasing them from year to year.

The more perfect the power of combination, the greater is the yield of the land; the higher are the prices of the rude products of the soil; the smaller is the bulk of the commodities to be transported; and the larger are the proportions borne by their value to the machinery required for their transportation. That, Mr. President, is the road towards civilization, but it is, also, the very opposite of the road that we ourselves are travelling — the quantity of machinery required for the work of transportation, increasing with a rapidity far greater than that which marks the growth of values. This latter being the certain road towards barbarism, we need look but little further for the causes of the decline in morals, wealth, and power, now so rapidly in progress throughout the Union.

The power to command the use of improved machinery, grows with the growth in value of the things requiring to be transported — the farmer whose proximity to the mill enables him to send his grain to market in the form of flour, being far more able to contribute to the improvement of roads, than his fellow-farmer who is forced to send it in that of wheat. It diminishes as the things to be transported decline in value, and hence the weakness of countries like Portugal, Turkey, and India, that are becoming more and more dependent on distant markets. It diminishes with us, and hence it is that our dependence on foreign countries, even for efficient means of transportation, so rapidly increases.

More than twenty years have now elapsed, since the arrival of the *Great Western* steamer, and the establishment of the fact, that we could avail ourselves of the power of steam, for the passage of the broad Atlantic. For nearly all that time, we have been struggling to obtain steam communication, by means of American ships, with Europe — the government aiding in the effort, to the extent of many millions. What, however, has been the result of all our efforts? Ship after ship has been lost, until confidence in American steamers has almost disappeared, and with it, the lines of steamers. The Collins line, as it still is called, now dispatches a single ship per month, and that, too, chiefly owned in Europe. The Havre line dispatches a monthly ship. The Bremen line has wholly disappeared. Mr. Vanderbilt has yet three ships engaged in the European trade, but the recent accident to one of them can scarcely fail to be felt injuriously by all — annihilating the little confidence that previously had existed.—The day is fast approaching, Mr. President, when no single steamer carrying the American flag, will float upon the ocean, except government ships, and the very few private ones engaged in the coasting trade, in which foreign competition is wholly interdicted. Such being the facts, and such the prospects, is it probable, that we shall long maintain that superiority on the ocean, which so certainly existed at the time when the general government entered upon the career of centralization? It would seem not. Beaten in agriculture, and beaten in manufactures, we are likely to be even yet more thoroughly distanced in regard to ships; and for the reason, that our policy tends steadily towards lessening the value of the commodities seeking to be transported.

The French policy — looking, as it does, to the emancipation of land and labor from the tax of transportation — is directly the reverse of ours. We tax ourselves for the maintenance of millions of tons of shipping, required for the transport of merchandise to be given to France, in exchange for millions upon millions of tons of food and other commodities, so reduced in bulk, that their weight, in tons, is counted by thousands. Freed, by that reduc-

tion, *from all the cost of transportation*, France is enabled to invoke the aid of steam, and to such extent, too, that the arrivals of her own steamers, in her own ports, amounted, in 1856, to no less than 8,000 tons per week, and more than four hundred thousand, in the year.

France, Mr. President, is carrying out your own most excellent views in regard to commercial policy — laying a broad foundation of domestic commerce, as a means of obtaining the largest power of intercourse with the outer world. We, on the contrary, are destroying the domestic commerce, in the vain hope of thereby building up a great foreign one. Why have we no steamers running to Rio, to Buenos Ayres, to Montevideo, to Valparaiso, to Lima, or Australia? Because we have little to sell, except those rude products of the earth, which the people of Brazil, or Chili, do not need to buy. Before they can do so, those commodities must pass through the looms of Manchester and Lyons, and hence it is, that nearly all our intercourse with the world is burthened with costs of transportation so enormous, that our farmers are generally poor, although themselves the owners of the land. In search of trade, we fit out expeditions against Japan — involve ourselves in disputes with Paraguay and Buenos Ayres — explore African and South American rivers — and maintain an enormous diplomatic establishment throughout this continent; and yet, have scarcely any thing to sell, except to the people of France and England.

What we need, Mr. President, is that real free trade, which consists in maintaining direct intercourse with the world at large; but that we cannot have, so long as we shall continue to export our commodities in their rudest state. The farmer who has but one mill at which to grind his grain, has no freedom of trade. The miller and the baker have it — they being free to sell to whom they please. Our farmers and planters have none of it — being compelled to send their products to the distant mills, before they and their neighbors can make exchanges, even among themselves. They need, as you so well have seen, that real free trade which would enable the planter of Mississippi to exchange with the farmer of Illinois — receiving cloth, lead, and iron, in exchange for sugar and cotton. "*That*," as you have said, "is the free trade we want." That we may have it, we must diversify the employments of our people; we must enable them to combine their efforts; we must *relieve our farmers from a tax of transportation, greater than is required for maintaining, ten times over, all the armies of Europe;* we must enable ourselves to pay our debts to the land, and thus obtain a real agriculture, in place of the system of spoliation that now exists; we must establish a balance of trade in our favor, payable in the precious metals, and thus enable ourselves to maintain the real specie cur-

rency, that you so much desire to see established. — Those things done, we shall be able to command the use of machinery of exchange of the highest order — fleets of steamers taking the place of sailing ships, and the use of money becoming obtainable, without the payment of a higher interest than is paid in any other country of the world, claiming to be held as civilized. Such, Mr. President, is the real road to wealth and power; but, as you have seen, all our movements are in the reverse direction.

Yours, very respectfully,

HENRY C. CAREY.

Philadelphia, February 9th, 1858.

LETTER NINETEENTH.

"NOTHING," says Hume, "is esteemed a more certain sign of the flourishing condition of any nation, than the lowness of interest"—or, in other words, the moderation of the charge for the use of that greatest of all the instruments used by man, called money. It is, Mr. President, an evidence of the existence of that feeling of security, which always attends advance of civilization—the rate of interest being very high in all countries in which property is insecure, and declining steadily as we pass outward, towards those in which men are more and more enabled to combine their efforts for the promotion of the common good—in which population and wealth increase—in which the land becomes more productive—in which the prices of raw materials tend to rise, and those of finished commodities to fall—and in which, consequently, the power to purchase the precious metals augments from year to year.

That power, and the tendency to decline in the rate of interest, exist in every community, in the precise ratio of the activity of the circulation of labor and its products. The more perfect the existing supply of money, and the more it is utilized, the more rapid is the circulation, and the greater the tendency to increase in the ability for further purchases. The less the supply, and the less it is utilized, the slower is the societary circulation, and the greater is the tendency to lose the money that had before been purchased. In the one case, labor obtains power over capital, and the rate of interest falls. In the other—capital obtaining increased control over labor—the rate of interest rises. The first of these classes of phenomena obtains in all those countries, that follow in the lead of France—importing raw materials, and exporting the products of their soil in the most perfect form. The second is found in all of those, that follow in the direction now indicated by England—exporting the rude products of the soil, and re-importing them again in a finished state; as is the case with Ireland, India, Jamaica, Portugal, Turkey, Mexico, and all the States of Southern America.

In further proof of this, we may take the various phenomena presented by ourselves, as our policy has changed from time to time, within the last half century. In the period of free trade that followed the close of the great European war, circulation almost ceased—labor was everywhere wasted—production was small—and money was scarce and high. In that which followed the passage of the highly protective act of 1828, everything was different—the circulation having then been rapid, labor in demand, production great, and money low in price. The scene

being once more changed, production declined, while money rose with great rapidity — becoming, at length, so entirely unattainable, that banks suspended, States defaulted, and the Federal government was wholly bankrupt. The protective policy being again adopted, production increased with great rapidity, while the rate of interest fell. It has now been high for years, and for the reason, that *production has been steadily and regularly declining in its ratio to the population.* In proof of this, we have, Mr. President, the fact, that the consumption of food, cloth, and iron, bears now a smaller proportion to the numbers of the people, than it did ten years since. The facts of the past three years thus correspond, exactly, with those observed in those that followed 1836. Interest was then high — foreign loans were large — and emigration to the West was great. Speculation was then rife, as it so recently has been; but daily diminution of production laid the foundation of the distress and ruin, that became so universal in 1842.

That real prosperity is totally inconsistent with an advancing rate of interest, is a fact whose truth is proved by every chapter in the world's history. In that direction, lie centralization and slavery — increase in the charge for the use of money being evidence of growth in the power of the accumulations of the past, over the labor of the present — of capital over labor. In proof of this, we have the fact, that throughout an important portion of the Union, the pro-slavery feeling keeps steady pace with the exhaustion of the land, consequent upon the export of its products in their rudest shapes — with the export of the precious metals — and with the increase in the price of money.

Money is often spoken of as capital; and thus we are told, that interest is high, because "capital is scarce." There would, however, be as much propriety in saying, that rents, tolls, or freights, were high, because capital was scarce. Interest is always high, when money, from whatsoever cause, is scarce; and the high price then paid for its use, causes a deduction from the profits of the trader, from the rents of houses, and from the freights of ships. The owner of money then profits at the expense of all other capitalists. Interest is the compensation paid for the use of the *instrument* called money, *and for that alone.* In countries in which it is high, the rate of profit is necessarily so, because the charge for the use of money enters so largely into the trader's calculations.

The high profits of our Western States are said to be the cause of the high interest that is paid; but here, as everywhere, modern political economy substitutes effect for cause. Interest there is high, because money—the thing for which, alone, interest is paid—is scarce; and because its scarcity enables the men who can command the use of machinery of exchange, to obtain large profits, by means of standing between the producer who needs advances

on his corn, and the consumer who requires credit on his cloth and iron. Wherever it is scarce, circulation is sluggish; the waste of the physical and mental power is great; and the man who can then command the use of that *indispensable* machinery, becomes even more the master of him who desires to use it, than the transporter does, when crops are large, and ships are scarce.

Daily experience, Mr. President, teaches the farmer, that when money — the machine by means of which exchanges are made from hand to hand — circulates freely, he becomes more prosperous from day to day; whereas, when it is scarce, and circulates slowly, his prosperity disappears. It is *not* capital that is needed, but money — the machine by help of which the products of labor and capital are kept in motion, and without which they can move only in the fashion of primitive times, when skins were traded for knives and cloth. Our actual capital, in houses, lands, factories, furnaces, mines, ships, roads, canals, and other similar property, has, in the last ten years, been increased by the application of labor to the extent of thousands of millions of dollars; and yet, we everywhere see roads half finished, and unlikely soon to be completed, although laborers are seeking employment; mills stopped for want of demand for their products; laborers unable to sell their labor; and men of business compelled to curtail their operations, because of the difficulty experienced, in obtaining the means with which to pay their debts. Why is this so? Not, certainly, because of any diminution of *capital*, for that is greater than it has ever been.

Were it possible now to announce, that, by reason of any change of policy, the export of gold would be stopped, and that the quantity in the country would steadily be increased, by retaining here the produce of California, money would forthwith become abundant and cheap—circulation would recommence—and prosperity would reign throughout the land; and yet, the difference in the ensuing year, would not amount to *a quarter of one per cent. of the value of the land and labor of the country.* Capital would be increased by a portion so minute as scarcely to be discernible, and yet *the money value* — the value at which it would be exchanged—would be augmented by thousands of millions. At present, all is stagnant, and there is little force. Then — all becoming life and motion — the force exerted would be great.

It is not, however, Mr. President, in the quantity of money *held* by a community, that we are to find the test of its prosperity, or the index to the rate of interest; but in the rapidity with which it circulates. Steadiness and regularity in the motion of society are requisite for the production of confidence, and increase of motion and force results from confidence. The gold held by the banks, the people, and the government, is said to exceed by more than $150,000,000 what was held but a few years since; but — there being no regularity in the societary movement — credit is

much impaired. As a consequence of this it is, that the circulation is sluggish, and that the rate of interest has, for years, been so very high, as greatly to limit the disposition to engage in any operations requiring time for their completion. The moneyed capitalist profits by this — obtaining treble or quadruple the usual rate of interest; but the miner, the founder, the cotton-spinner, and the cloth-maker, have been, and are being, ruined by it.

The existence of credit is an evidence of the existence of that confidence of man in his fellow-man, which always attends the growth of real civilization. How it tends to stimulate the societary motion, and thus to augment the productive power, is so well exhibited by a recent French economist, that I am induced, Mr. President, to present for your consideration, the following extract from his work: —

"On one side," says *M. Coquelin*, "we see a machinist, a blacksmith, and a wheelwright, whose shops are closed, not perhaps because of any want of raw materials, but because of absence of demand for their products. Elsewhere, are manufacturers in want of machinery, and farmers in need of agricultural implements. Why, now, is it that these latter do not give to the former, the orders for want of which they continue idle? Because these latter must be paid in money, which money the others cannot at the moment pay; and yet they have, in shops or barns, abundance of commodities that they desire to sell, and by the possession of which many of the neighboring people would be greatly served. Why do they not exchange? Because — direct exchange being impossible — they must commence by selling; and, as they, in their turn, must demand money, they can find no purchasers. Here we have a suspension of labor on both sides, and it is in cases like this, that production is languid and society vegetates, although surrounded by all the elements of life, motion, and prosperity.

"Means might, however, be found for removing the difficulty that thus exists. If the machinist, the blacksmith, and the wheelwright, refuse to deliver their products, except for ready money, it is not because of any doubt they entertain of the future solvency of the farmer, or the manufacturer; but because it is inconvenient to them to make credit sales that would diminish their active capital, and perhaps disable them from continuing their operations. Let each one, then, in delivering his articles, as he has confidence in the future ability of those who now demand them, require only, in place of money, a note that, in his turn, he can use, with those who furnish him. On this condition, circulation will be re-established, and labor will be resumed. True, but we must first be sure that these notes, when accepted, will be received elsewhere, as, otherwise, it becomes at once a simple sale on credit. This certainty, however, cannot be obtained, and therefore they refuse the notes; not because of any suspicion of their ultimate

value, but because of doubts of the possibility of disposing of them. At this moment a bank intervenes, and says: — 'You, machinist, deliver your machinery; you, blacksmith, your instruments; you, ploughman, your raw materials; you, manufacturer, your manufactures: accept, with confidence, notes payable at a future time, provided you have full belief in the goodness of those who will thus become your debtors. I will take charge of all those notes, and hold them until they shall become due — giving you in exchange other notes, issued by me, that you will be certain to find of universal acceptation.' Forthwith, all difficulty is at an end — sales being made, goods circulating, and production becoming animated. There are no longer raw materials, instruments, nor products of any description, remaining, even for a moment, unemployed."

There is, here, Mr. President, no change in the quantity of capital owned by the community, and yet, its members are seen passing from a state of apathy and idleness to one of activity and productiveness — enabling every one to sell his labor — receiving in exchange the commodities required for the consumption of wives and families, who before were like to suffer for want of the common necessaries of life. What, however, is it that gives value to these notes, and why is it that they circulate so much more freely than those of the blacksmith and the farmer? Because there exists in the community, a confidence that *behind them stands a pile of money sufficient to redeem each and every one of them, whenever, and however, presented.* Without the existence of that belief, they would not circulate, as would soon be seen, were there established a drain of gold — producing a steady diminution of the quantity in the possession of the bank, until at length even a single note failed to be paid on presentation. From that moment their circulation would be stopped; the suspension of movement would again take place — the blacksmith, the machinist, and the wheelwright, again mourning over instruments that they would gladly exchange for food and cloth; and the farmer and the manufacturer suffering from the difficulty of obtaining machinery, for the better production of food and clothing. *Money is to society what fuel is to the locomotive, and food to the man — the cause of motion, whence results power.* Withdraw the fuel, and the elements of which water is composed cease to move, and the machine becomes stationary. Withdrawal of the food from man, is followed by paralysis and death; and such, precisely, is the effect of failure of the necessary supply of money—the producer of motion, among the elements of which society is composed.

When, therefore, the farmer complains that money is scarce, and the laborer, mechanic, and manufacturer, repeat the complaint, they are right. It *is* money that is needed, and their common sense does not in any manner deceive them. In every country of the world, pleasant feelings are excited by hearing of the incom-

ing of gold and silver, because therewith are associated ideas of activity and energy; while, on the contrary, fear and sorrow are excited by their outgoing — there being therewith associated ideas of dulness, inactivity, suffering, and death. The former, Mr. President, have been the feelings prevalent throughout this country in the closing years of the several trials we have made of the protective policy — to wit, in 1816, 1834, and 1846 — the precious metals having then flowed in, confidence having been mutual, and money having been readily obtainable at the legal rate of interest. The latter feelings have prevailed in the closing years of every trial of the free-trade system — those metals having then flowed out — confidence having disappeared — and the charge for the use of money having ranged from 12 to 50 per cent.

The cause of all the differences then observed, is to be found in the fact, that in the first, the policy of the central government has tended to promote the growth of combination among our people — to increase the facilities of exchange — and to augment production; whereas, in the other, it has tended to destroy the power of association — to lessen the facilities of intercourse — and to diminish the productive power. In the one, we have been enabled to obtain improved machinery — passing from the turnpike to the railroad — from the sailing ship to the steamer — from the hand-loom to the power-loom — and from irredeemable paper-money to a real specie circulation. In the other, our machinery has steadily deteriorated — railroads going to ruin — steamers diminishing in number — the spindle and the loom giving place to the wagon — and specie disappearing, to be replaced by the inconvertible notes of cities, counties, and banks, and of the national treasury itself.

Diminution in the rate of interest, Mr. President, is an evidence of advancing civilization. With us, the rate increases, and therefore it is, that each successive year brings with it new combinations for procuring a repeal of the laws limiting the rate at which money may be lent. The cause of all this, is to be found in the fact, that the policy of the central government looks steadily towards an increase in the power of the trader, and in the tax of transportation — augmenting, as it does, the quantity of shipping required for transporting any given value of our products, and thus diminishing the power to purchase that highest and best of all the machinery of exchange, called money. Under a different system, that power would steadily increase, and usury laws would gradually die out — the standard rate of interest falling below the legal one. All the efforts for the repeal of those laws, are to be regarded only as furnishing additional evidence of the growing power of capital over labor — always a characteristic of declining civilization.

Our present position, Mr. President, is precisely similar to that described in the above extract from *M. Coquelin's* excellent little book. With a large supply of lands, houses, corn, cotton, and

other commodities and things, we have little commerce among ourselves. Corn abounds, but the laborer perishes for want of food. Houses abound, but wives and children wander through our streets for want of shelter. Ships abound, but their owners are ruined for want of freights. Coal abounds, and yet men, women, and children perish of cold. Commerce, so far as regards the sale of labor, has almost ceased to exist. Why is it so? Because money has ceased to circulate, and in the absence of that circulation, the societary movement, called commerce, can have no existence. Why has it ceased to circulate? Because confidence has wholly disappeared. Why has it disappeared? Let us inquire.

History, as we are told, is philosophy teaching by example. What, then, does history tell us? When has confidence most prevailed? Has it not been in the closing years of the three protective periods — those periods in which there was an *inward* flow of the precious metals? When has it most entirely disappeared? Has it not been in the closing years of the three free-trade periods — those periods in which gold and silver flowed *outwards*? — When has the price of money been most regular? Has it not been in the protective periods? When has it been most irregular? Has it not been in the free-trade ones? When have we become rich and strong? Has it not been in the protective periods? When have we become gradually poorer and weaker — ending with general bankruptcy? Has it not been in the free-trade periods? When has labor acquired power over capital? Has it not been in the protective periods? When has capital acquired power over labor? Has it not been in the free-trade periods? To these questions, the answer must be in the affirmative — our tendency in the one having, always, been towards localization and freedom, and in the other, as regularly, towards centralization and slavery.

Such, Mr. President, having been the law of the past, what is to be that of the future? If protection has given us wealth, strength, credit, and power, in the past, must it not do the same in the future? If the system called free trade has given us poverty, distrust, and weakness, in the past, can it do otherwise in the future? Assuredly not, and for the reason, that it looks to the exhaustion of the soil, the impoverishment of the farmer, the increase of the power of the trader in goods and money, the annihilation of the power to obtain the machinery required for reducing the labors of production, and the destruction of confidence of man in his fellow-men. So long as that system shall be continued, there can be no general revival of confidence, because property must, and will, become less and less secure. That it may be revived, it is needed that the central government change its system — abandoning at once, and for ever, the idea of maintaining a hard money currency while pursuing a policy tending to the expulsion of the precious metals, and, that of building up a

great foreign commerce, by aid of measures tending to destroy the domestic one.

That further progress, in its present direction, must be productive of effects the most disastrous, will be obvious to you, Mr. President, on a careful study of the facts presented for consideration by the last few years. With a larger supply of the precious metals than we ever before possessed, but without the smallest confidence in the duration of the apparent prosperity, gold has been secreted to such extent, that the price of money has been so high as to have proved utterly destructive to the really working-men of the community — all their apparent profits having been absorbed by the payment of usurious interest. Mills, factories, mines, and furnaces, as a consequence, have been closed, to the utter ruin of their owners. Workmen, of all descriptions, have been obliged to seek in the West the food denied to them at home. There arrived, they have found the public lands monopolized by speculators, to whom they have been obliged to pay double, treble, or quadruple prices, for the little land they needed. Thus plundered at the outset of their operations, they have been compelled to borrow money, paying for its use, at every rate from 20 to 70 *per cent.* a year. The bubble having burst, they find themselves in the hands of their usurious creditors, and now the sheriff will complete the work.

The whole policy of the central government tends, thus, to the annihilation of the really useful portion of society, and to the aggrandizement of traders in money, in land, in cloth and cotton, in principles, and in men; and, as a necessary consequence, the demoralization of society becomes more complete with each successive year. The range of honest employment becoming daily more and more restricted, men are driven, by sheer necessity, to engage in schemes of public and private plunder, from which, under other circumstances, they would shrink back, shuddering at their very thought. — How long, Mr. President, can such a state of things endure? Is it possible, under such a course of operation, to build up a stable system? That it is not, is proved by all the facts of history. A change must come in the policy of the government, or the government itself will undergo a change.

The commerce that you, Mr. President, have so well described, as being the sort of free trade that we really need, is all that is required to render money abundant and easily obtainable at a moderate interest, with larger power to obtain mills, steamers, money, and all other machinery, than is now possessed by any other community of the world. Give the people but *that* commerce, and confidence will be at once restored.

Yours, very respectfully,

HENRY C. CAREY.

Philadelphia, February 12th, 1858.

LETTER TWENTIETH.

THAT the rate of interest, throughout the Union, is very high, and that it constitutes a serious obstacle to the extension of manufactures, to the development of our vast treasures of coal, iron, and other metals, and to the creation of a domestic market for the produce of the soil, are facts, Mr. President, that cannot be denied. We are, however, assured, that their existence is consequent upon the deficiency of a certain something, called capital—that time, alone, is required for obtaining the necessary supply—and that, then, money will be cheap, and manufactures will be established. What, however, has been the direction in which we have moved, in the last few years? Have we advanced, or retrograded? Has the price of money fallen since 1846? Has it not, on the contrary, greatly risen? Is capital more easily obtainable, for mining, or for manufactures, than it was, ten years since? Has not, on the contrary, the capital that then was so engaged, almost entirely disappeared? Are our farmers less dependent on the distant market, than they were in 1846? Have they not, on the contrary, become greatly more dependent? — If, then, for the last twelve years, our movement has been retrograde, is it probable, Mr. President, that further continuance in the line of policy to which that effect is due, will change the movement to a forward one? Scarcely so, as it would seem.

Capital abounds, and the price paid for the use of the instrument called money, is low, in all those communities, in which employments have been diversified; those, in which the consumer and the producer have taken their places by each other's side; those, in which the tax of transportation is small; those, in which agriculture is becoming a science; those, in which the yield of the land steadily increases; those, whose raw materials steadily rise in price; those, consequently, whose growing wealth enables them to increase their supplies of the precious metals, as is the case with the countries of Central and Western Europe — those which follow in the lead of France.

Capital is scarce, and interest is high, in all those countries which are dependent upon a nearly exclusive agriculture; those whose markets are distant; those which are subject to heavy tax for transportation; those whose agriculture consists in robbing the earth, and selling the soil; those, the yield of whose land decreases; those, whose raw materials fall in price; those, consequently, whose poverty forbids increase in the supply of the precious metals, as is the case with Ireland, India, Portugal, Turkey, and all other countries which follow in the lead of England.

Capital being scarce among these latter, they are constantly assured that, under existing circumstances, it is absurd for them to attempt to convert their corn and their wool into cloth, or their coal and ore into iron. It is, however, manufactures that cause the growth of capital — facilitating, as they do, the development of the powers of THE MAN, and thus enabling him to combine with his fellow-men, for economizing the power resulting from the consumption of capital in the form of food.

Every act of combined action, Mr. President, has for its object, and its effect, a saving of human effort, which, itself, is capital. Sometimes, a few individuals combine to drain a piece of land; at others, to dig a well, to construct a mill, or to open a mine; all of which require capital; that is to say, the investment of a certain amount of labor, upon the same principle, identically, that the farmer ploughs his land, and sows his seed — calculating upon having it returned, with interest for its use. When Crusoe made his rope-ladder, he did so for the reason, that it was better for him at once to expend a few hours, or, in other words, a little capital, than to waste, throughout the year, an hour a day, in climbing the rock under which he had taken up his abode. *All the labor thus economized, was capital.*

"What," says a recent French economist — "What is the object, what the result, sought to be obtained by every advance of capital, for whatsoever purpose? It is, everywhere and always, that of suppressing, *by means of a certain quantity of labor once performed, a certain portion of current labor and annual expense that would otherwise re-appear periodically, and for an indefinite period of time;* it is to exonerate, at the cost of a momentary sacrifice, *the whole future of production.*

"Every intervention of capital has the effect of diminishing daily labor, resulting from the constantly recurring difficulty of an operation: thus, we have here a village situated at the distance of a mile from a river — each of its people, when he has occasion for water, being required to walk that distance. No capital is expended, but there is a periodical demand for labor, carried to its highest point. The inhabitants, at length, conceive the idea of making some earthen vessels, having done which, they go once a day—returning with the day's supply of water. Capital now making its appearance in the *once-performed labor* of making the vessels, the daily expenditure of human effort is diminished, in the proportion that the one walk to the river, bears to the five, or six, that would, otherwise, have been required.

"Next, some one constructs a cask, and a wagon—attaching to the latter an ass, or an ox, and carrying water about the village. Here is a new expenditure of capital, but, in return, there is economy in the daily labor—proved by the fact, that the people now buy their water, in place of going to get it. At length, however, an aqueduct is built — requiring an enormous expenditure of

capital; but the daily effort that had been needed for obtaining a supply of water is from this time at an end—capital having, so to speak, altogether superseded labor.

"The proof that all these successive interventions of capital have been economies of force, time, and money, is, that all these expenditures have been returned in the value of the water obtained; and that, while casks, wagons, and buildings, have been paid for and maintained, the price of water has steadily fallen;" and, as the author might well have added, the consumption has so much increased, that a single family now consumes more than would, at first, have supplied the village.

In writing this passage, *M. de Fontenay* had no reference, whatsoever, to the question of protection — of the claims of commerce on the one side, or of those of trade on the other; but, it is the characteristic of propositions that are true, that they, at all times, and everywhere, prove themselves true. The great object of man, Mr. President, being that of acquiring power over nature, the more he does so, the less is the value of the commodities he requires, the greater is his own, and the larger becomes his consumption. To attain power, there must be combination of effort. The obstacle to association being found in the necessity for transportation, the more it can be removed, the greater is not only the present power of man, but the greater his capacity for new and more important efforts. The spring being distant, he calls to his aid, in regular succession, various natural forces — passing from the mere hand to the jug, the cask, and the wagon, with constant decline in the cost and value of water. When, however, he constructs an aqueduct, and is thus enabled to avail himself of the power of gravitation, value ceases—water becoming cheap as air.

The Indian path being bad, he determines, *once for all*, to make a road, the effect of which is soon exhibited in the fact, that he is enabled, *once again for all*, to make a turnpike; and yet, so much are his powers thereby augmented, that we find him again, *once for all*, investing millions of present labor in constructing a canal — then regarded as the *ne plus ultra* of improvement. Here again, however, Mr. President, we find it to be only the first step that costs — the economy of labor effected by the canal proving so great, that but a trivial portion is required for the construction of a railroad, that transports himself and his merchandise at a cost so small, as to treble the reward of labor.

The school-house being distant, his children are obliged either to dispense altogether with education, or to waste most of their time on the road thereto. Seeing himself surrounded by the materials of which houses are composed, he proposes to his neighbors that they shall, *once for all*, give their labor to the construction of a house — thereby enabling themselves to economize the labor of placing their children on the spot at which they are to be

instructed; and now instruction so much declines in cost, that ten times as many children are enabled to profit by it.

The market being distant, he is obliged to incur, daily, the cost of transferring his wool and his corn, to be exchanged for cloth. Looking around, he sees that nature has furnished him with the same forces, precisely, with those in use among the distant millers. The fuel will give as much heat; and the ore will make iron of equal strength. He therefore proposes to his neighbors, that they shall, *once for all*, unite together for building a stack through which to pass the ore and the coal, the laborers in which will eat the corn that now they are obliged to carry to the distant market — thus terminating, *at once and for ever*, the necessity for so much transportation.

The iron now obtained, he next, Mr. President, suggests, that steam can as well be made to spin and weave cotton in their own neighborhood, as in any other; that stone, lumber, and lime, are abundant — all that is required, for economizing the daily labor of transportation, being, that they should, *once for all*, club together for putting up a house, and for bringing from abroad a little machinery, and the skill required for working it. Further, he says to them: "We are, ourselves, unemployed for more than half our time, and, as regards our children, they are almost wholly so. Though unfit for the labors of the field, they yet could well perform the lighter work of tending the operations of a mill. Again, the minds of our people are undeveloped. Let us have them taught, and in a brief time — obtaining machinists of our own — it may be, that we shall be enabled to teach those among whom we now must seek for knowledge. We waste, daily, the powers of earth and air, for want of little machines, that would enable us to use them; we waste the faculties of our people, because there is no demand for them; we waste their time and our own, for want of combination; we waste the major part of the products of our land in feeding the horses and men who carry the rest to market — exhausting the soil, because the market for its products is so very distant. Let us, then, *once for all*, combine for the purpose of putting a stop to all this waste. With every step we make in that direction, we shall offer new inducements for carpenters and masons, printers and teachers, to come among us — eating the food, that now we are forced to carry to the distant market; with each, the faculties of our people will become more and more developed—enabling us more and more to perfect the various processes by means of which to obtain command over steam and other natural forces. With each, there will be an increase of commerce among ourselves, attended by diminution of our dependence on the trader, and an increase of power to command his services in case of need. The more numerous the differences among ourselves, the more rapid will be the motion of the societary machine, the greater will be the economy of labor,

the smaller will be the value of commodities, and the greater that of man."

Such, Mr. President, were the objects sought to be attained by Colbert, to whom France was indebted for the system since so steadily carried out; that, to which she owes it, that she has "covered herself with machinery and mills"—that "her collieries, her furnaces, and her workshops of every description, have grown to an enormous extent, and out of all proportion to what existed eighty years since"—that the value of her land has so immensely increased — that the power of the laborer to command supplies of food has doubled, where, even, it has not trebled — and that she herself is now so powerful.

Directly the reverse of this, is the doctrine lying at the foundation of the system that would make of Britain the workshop of the world; that, for the maintenance of which, we are taught that man begins everywhere with the richest soils — all old communities being required to resort to poorer ones, with daily diminution in the demand for labor. To our farmers and planters, and to those of Brazil and Cuba, it says — "Cultivate your rich soils, and leave us to our poor ones. Labor being cheap with us, we can manufacture more cheaply than you can do. *Do not*, therefore, *once for all*, build mills or furnaces; continue year after year to expend your labors in carrying produce back and forth; continue to exhaust your land; continue to have no combination of effort among yourselves; and you will grow rich. The time, however, will arrive, when you will be forced to cultivate the poor soils, and then you will be troubled with over-population. Wages falling, you may *then* be enabled to accumulate the capital required for entering into competition with us; that is to say, *the poorer you become, the greater will be your power.*"

Such, Mr. President, is the doctrine of the school that is based upon the idea of trade being the first pursuit of man; that, by help of which the system has, thus far, been carried out. It is one which cannot stand against the facts everywhere established, that man always commences with the poorer soils; that it is only with the growth of the power of association and combination that the richer ones are brought into activity; that, to have combination, there must be differences of employment, tending to the development of the individual faculties; and that, where such differences are not found, the whole course of man is towards the exhaustion of the land first cultivated — towards diminution in its value, and increase in that of all the commodities required for his use—and towards his enslavement, both by nature and by his fellow-man. Under that system it is, that Ireland wastes, *weekly*, more labor than would, if applied *once for all*, give her the machinery required for enabling her to make a domestic market for all her food, and all her labor; that Portugal and Turkey waste, *daily*, more muscular and intellectual power than would, if applied

once for all, give them machinery for making all the cloth they now consume; that Jamaica has been exhausted; and that the people of India have been condemned to remain idle, when they would desire to be employed; to relinquish rich soils, and retire to poor ones; to abandon cities in which once lived hundreds of thousands of poor, but industrious and happy, men — foregoing all the advantages of commerce, and becoming dependent, altogether, on the chances of trade.

Following in the lead of France, the people of Northern Europe, generally, have *protected* themselves against this system — the result being seen in the facts, that the prices of raw materials and finished commodities are there steadily approximating; that gold flows rapidly in; that the rate of interest is moderate; that the circulation of society becomes from day to day more rapid; that the proportion borne by fixed to floating capital is a constantly increasing one; and that the power of the trader and transporter rapidly declines — all of these phenomena being evidences of advancing civilization, consequent upon the determination, *once for all*, to make the investments required for bringing the consumer to the side of the producer, and thus relieving the former from the wasting tax of transportation.

Guided, or governed, by England, Ireland, Turkey, Portugal, and the United States, have refused to make the effort, *once for all*, to relieve themselves from that oppressive and daily recurring tax—the result being seen in the facts, that the prices of raw materials and finished products steadily recede from each other; that gold flows regularly abroad; that the rate of interest is high; that circulation becomes more languid; that the proportion borne by floating capital to that which is fixed is a constantly increasing one; and that the power of the trader and transporter steadily increases — all of these phenomena being evidences of declining civilization.

Food, Mr. President, is capital. Having been consumed, it is still capital, in the form of the power to labor, with the body, or the mind, or both. That power being exerted, it re-appears in the form of food or cloth — books or newspapers. Not exerted, it is altogether lost — labor-power being, as you have seen, the only commodity, that cannot be kept, even for a second.

The power to accumulate capital exists in the direct ratio of the power of combination, and that itself exists in the ratio of the diversity of employments. That understood, there can be little difficulty in arriving at a proper understanding of the causes, why it accumulates so rapidly in Central and Northern Europe, and why it disappears so rapidly from Turkey and Portugal, Ireland and India.

Careful study of these simple principles, Mr. President, will enable us readily to understand why it has been, that capital has always so much abounded, when we have had protection, and why

it has so entirely disappeared, when we have had the system known by the title of "free trade." The one looked to economizing labor, which itself is, as you have seen, capital. The other looks to wasting labor, or capital. Under the one, as in 1833 and 1846, capital was readily obtainable, at moderate rates of interest, for any useful purpose. Under the other, as in 1822 and 1842, and as at the present time, it has become so scarce, as to be unattainable for the construction of roads, for the building of mills, or for the opening of mines, at any rate of interest, however high.

Were the tariff of 1842 this day re-enacted into law, the face of affairs throughout the country would be wholly changed — capital becoming at once abundant — the rate of interest falling — and labor coming into demand to such extent, that men, women, and children, would find all the employment they could desire; and that, too, before the lapse of thirty days from the present hour. Why, Mr. President, would it be productive of such results? Because, there would at once arise, throughout the country, a confidence, that labor was again to be economized — that that internal intercourse which, as you, Mr. President, have seen, we so greatly need, was to be obtained — that the great domestic market for food and labor was to be extended—and that we were again to become rich and strong enough to be enabled to purchase full supplies of the precious metals, as was the case in the protective periods which closed in 1835 and 1847.

What we need is confidence in the future. Let that be obtained, and capital will, *from the instant*, become as abundant as we have ever known it. Give us that, and there will exist no barrier to the maintenance of a specie circulation. Give us that, and the occasion for extending the central powers at the expense of the local ones, will pass away. Give us that, and our every future step will be towards happiness, wealth, and power, and towards domestic and foreign peace. Refuse that, and each successive step will be attended by growing misery among the people, and discord among the States.

The strength of every nation, as compared with other nations, grows in the ratio of the growth of the power of combination among the people of whom it is composed. That power grows with the growing diversity of employments. With us, that diversity diminishes, and hence the steady decline in the respect in which we are held, and in the power we exercise.

With great respect,

Your obed't servant,

HENRY C. CAREY.

Philadelphia, February 16*th*, 1858.

LETTER TWENTY-FIRST.

How is it, that protection can be needed? Why is it, that each and every man is not to be free to use his products as he pleases — exchanging, equally freely, abroad and at home? How is it possible, that our people have been, or can ever be, more prosperous under a protective system, than under what is called a "free trade" one? These, Mr. President, are important questions — seeking replies to which, we must now turn to some of the pages of our Colonial history.

In one respect, the Colonial system of England has differed from all others that have existed—the moving principle of its founders, as well as of all those who since have followed in its direction, having been, that of prohibiting every attempt, on the part of the colonists, at attaining that diversity of employments which is required for securing competition for the purchase of their own rude products, or for the sale of finished commodities required in exchange — and thus maintaining, at its highest point, the tax of transportation. Without such diversity, the power of association and combination could have no existence. Without it, the colonists were bound to remain, for ever, mere instruments in the hands of the traders and transporters of the mother-country. That such were really the objects sought to be accomplished, is shown in the following passage from the work of an influential writer of the last century, to which I desire now, Mr. President, to invite your attention: —

"Manufactures in our American colonies should be discouraged, prohibited." * * "We ought always to keep a watchful eye over our colonies, *to restrain them from setting up any of the manufactures which are carried on in Great Britain;* and any such attempts should be crushed in the beginning." * * "Our colonies are much in the same state as Ireland was in, when they began the woollen manufactory, *and as their numbers increase, will fall upon manufactures for clothing themselves, if due care be not taken to find employment for them,* in raising such productions as may enable them to furnish themselves with all the necessaries from us." * * "As they will have the providing rough materials to themselves, so shall we have the manufacturing of them. If encouragement be given for raising hemp, flax, &c., doubtless they will soon begin to manufacture, *if not prevented.* Therefore, *to stop the progress of any such manufacture,* it is proposed that no weaver have liberty to set up any looms, without first registering at an office, kept for that purpose." * * "That all slitting-mills, and engines for drawing wire or weaving stockings, *be put down.*" * * "*That all negroes be prohi-*

bited from weaving either linen or woollen, or spinning or combing of wool, or working at any manufacture of iron, further than making it into pig or bar iron. That they also be *prohibited* from manufacturing *hats, stockings, or leather of any kind.* This limitation will not abridge the planters of any liberty they now enjoy — on the contrary, it will then turn their industry to promoting and raising those rough materials." * * "If we examine into the circumstances of the inhabitants of our plantations, and our own, it will appear that *not one-fourth of their product redounds to their own profit, for, out of all that comes here, they only carry back clothing and other accommodations for their families,* all of which is of the merchandise and manufacture of this kingdom." * * "All these advantages we receive by the plantations, *besides the mortgages on the planters' estates and the high interest they pay us, which is very considerable.*"—(GEE *on Trade*, London, 1750.)

Turning now, Mr. President, to the statute-book, you will find a continued series of laws, each and every one of which had for its object, that of carrying out the system above described — prohibitions of manufactures, on one hand, and bounties on the import of raw materials, on the other, having been resorted to, for preventing the colonists from making those changes in their rude products, that were required for fitting them for consumption among themselves. The one great object of the system, was that of maintaining in its most bulky form, the commodity requiring to be transported, while contracting, as far as possible, the machinery by which the work of transportation and conversion was to be effected — thereby enriching the trader and transporter at the cost of both consumer and producer. The more perfectly it could be carried out, the greater would be the difference between the prices of raw materials and finished commodities — the greater would be the tendency towards exhaustion of the soil and ruin of its cultivators — the more would the people become dispersed — the heavier would become the tax of transportation, and the more entirely would it be thrown upon the colonists, who were thus to be impoverished, for the benefit of those by whom the laws were made.

To the grinding taxation of a system which, thus, looked to the establishment of a monopoly of the power to *purchase* the rude products of the earth, and to *sell* the commodities into which they became converted, and not to a paltry tax on tea, Mr. President, are we indebted for the Declaration of our Independence, and the war which followed it. To a desire for rendering that declaration effective, by protecting our farmers and planters against the system, was largely due the calling of the Convention which gave us our Constitution—a very brief experience having sufficed to satisfy the various States, and Virginia most especially, that concert of action for resistance to it, was essential to the advance of the

Union in wealth and power. To the knowledge of its action acquired in, or derived from, colonial times, it was due, that each and every of our Presidents, from Washington to Jackson, held, that it was not only the right, but the duty, of Congress, so to direct the power with which it was clothed, as to promote the approximation of the producer and the consumer, and thus to diminish the enormous taxes of trade and transportation, by means of which, the farmers and planters had been so much impoverished — to produce competition for the *purchase* of raw produce, and for the *sale* of finished commodities, and thus secure to the agricultural interest that freedom of commerce which is denied to him who *must* make his exchanges at the single mill; and in this manner, to carry into practical effect, that independence whose existence had been declared in 1776.

Such, Mr. President, were the general tendencies of the country, during the half century which followed the peace of 1783 — a period remarkable beyond any other recorded in the history of modern Europe, for commercial disturbance; one, in which piracy on the ocean—sanctioned by French decrees and British Orders in Council — embargoes, non-intercourse acts, and wars with both France and England, combined for the production of financial derangement; and yet, that one in our history which stands distinguished by the fact, that poor as we then were, our banks were never, in time of peace, driven to suspension; nor were either the people, or the government, driven to the disgraceful necessity of resorting to the use of irredeemable paper, as the only means of maintaining the societary circulation.

Five-and-twenty years have since elapsed, and during nearly all that period, the doctrines of our revolutionary fathers, as regarded commercial policy, have been repudiated — the essential duty of the central government having been held to be, that of providing for itself, careless of the effect of its measures upon the condition of the people. So far as was required for their taxation, tariffs might, as we have been assured, be tolerated; but so far as required for their protection, they could not — free trade, as it has been called, having been the order of the day.

In what, however, Mr. President, does our present freedom of trade consist? Is the planter free to exchange his cotton, abroad or at home, at his pleasure? Is there that growing competition for his products, which tends to raise their prices? That, there certainly is not — nearly all our mills being closed, and he being reduced to dependence on distant markets, such as he has not known since the disastrous times of 1842. — Are our farmers free to exchange their food, abroad or at home, for iron with which to make their roads? Is there a growing competition for the purchase of food, and the sale of iron? Certainly not — our furnaces and rolling-mills being closed — the men who wrought in them, turned adrift — and the necessity for going to the distant

markets with wheat and corn, being greater now, than it has been since 1842. — Are our workingmen free to sell their labor when and where they please? Do they find increase of competition for the purchase of the single commodity they have to sell? Assuredly not — there being ten who have labor for sale, to every one who is seeking to purchase it. — Look where you may, Mr. President, you will find a diminution of competition for the purchase of labor and the rude products of the land, the commodities we have to sell — the laborer, the farmer, and the planter, becoming, from hour to hour, more and more, mere instruments to be used by the trader and transporter; and, for the simple reason, that it has been held by your recent predecessors in the Presidential chair, that the central government had only itself, and not the people, to protect. Widely different from this, Mr. President, were the ideas of Washington and Hamilton, Adams and Jefferson, as to the rights and duties of that government.

Freedom of commerce among ourselves—the commerce between our towns, cities, and States, which, as you have so ably shown, is the sort of free trade we need — has no existence. The farmers of Illinois exchange between themselves, by means of the furnaces of Wales and Scotland. The Iowa farmer can make no exchange with the Mississippi planter, until after the corn and cotton have travelled to Manchester, there to be converted into cloth to be returned to Iowa and Mississippi — eighty-five per cent. of the corn and cotton being taken on the road, for the support of the people by whom the exchanges are effected. Why this is so — why our farmers and planters are thus subjected to a tax of transportation, compared with which, that of France and Germany is as nothing—you will, Mr. President, readily understand, after having read the following passage, extracted from a document published but four years since, by order of the British House of Commons: —

"The laboring classes generally, in the manufacturing districts of this country, and especially in the iron and coal districts, are very little aware of the extent to which they are often indebted for their being employed at all to the immense *losses* which their employers voluntarily incur in bad times, in order *to destroy foreign competition, and to gain and keep possession of foreign markets.* Authentic instances are well known of employers having in such times carried on their works at a loss amounting in the aggregate to three or four hundred thousand pounds in the course of three or four years. If the efforts of those who encourage the combinations to restrict the amount of labor and to produce strikes were to be successful for any length of time, the great accumulations of capital could no longer be made *which enable a few of the most wealthy capitalists to overwhelm all foreign competition in times of great depression,* and thus to clear the way for the *whole trade* to step in when prices revive, and to

carry on a great business before *foreign* capital can again accumulate to such an extent as to be able to establish a competition in prices with any chance of success. *The large capitals of this country are the great instruments of warfare against the competing capital of foreign countries,* and are *the most essential* instruments now remaining by which our manufacturing supremacy can be maintained; the other elements — cheap labor, abundance of raw materials, means of communication, and skilled labor — being rapidly in process of being equalized."

The system here described is very properly characterized as "warfare;" and we may properly inquire for what purposes, and against whom, it is waged. It is a war, as you see, Mr. President, for cheapening all the commodities we have to sell, labor and raw materials — being precisely the objects sought to be accomplished by the "Mercantile System," whose error was so well exposed in the *Wealth of Nations.* It is a war for compelling the people of other lands to confine themselves to agriculture — for preventing the diversification of employments in other countries — for retarding the development of intellect — for palsying every movement, elsewhere, looking to the utilization of the metallic treasures of the earth — for increasing the difficulty of obtaining iron — for diminishing the demand for labor — for doing all these things at home and abroad — and for thus subjecting the farmers and planters of the world to the domination of the manufacturers of Britain.

To measures such as here described, was due the closing of all the factories of India, followed by the exportation of cotton to England, there to compete with the products of Carolina and Alabama. The more perfectly the system can be carried out — the more the manufacture can be restricted to England — the cheaper must be raw materials; but the greater must be the export of cheap labor to Texas and to the Mauritius, there to raise more cotton, sugar, and other rude products; and thence to compete with each other for the reduction of prices, and for the more complete enslavement of the laborers of all those countries.

In the case of a war like this, what, Mr. President, does a government owe to its people and itself? The answer to this question is furnished by one of the most distinguished of your predecessors, Mr. Madison, in the following words: —

"Should it happen, as has been suspected, to be an object, though not of a foreign government itself, of its great manufacturing capitalists, to strangle in the cradle the infant manufactures of an extensive customer, or an anticipated rival, it would surely, in such a case, be incumbent on the suffering party so far to make an exception to the 'let-alone' policy as to parry the evil by opposite regulations of its foreign commerce."

That such is the duty of a government, no one can seriously doubt; and yet, that duty has remained unperformed. Time after time, for the last half century, have the iron, the cotton, and

the woollen manufactures, been stricken down by means of measures such as here are indicated, without the slightest attempts at interference on the part of the central government. Crisis has succeeded crisis, and with each successive one, the necessity for the export of raw materials has increased, with steady decline of prices, and as steadily increasing necessity for the export of the precious metals to discharge the balance of trade, thus forced upon our people. Hence, Mr. President, the difficulty of maintaining a stable currency. Hence the ruinous rate of interest. Hence the disasters among our merchants and our banks. Hence the decline in the character of our ships. Hence our inability to compete with the world in the use of steam for ocean-navigation. Hence the decline of morals; and, hence the discord now prevailing between the different sections of the Union.

Allow me now, Mr. President, to ask you to read, once more, the extract with which this letter was commenced, and study carefully what were the objects sought to be accomplished by the distant masters by whom the provinces then were ruled. Doing this, you will see, that they were those of limiting the colonists to the single pursuit of scratching the soil, and thus destroying competition for the purchase of their products. Turning, next, to the action of the Federal government, you can scarcely fail to remark, how identical with the views of the British traders of colonial times, have been its acts.

There, be assured, lies all the difficulty, and not with the local governments. Clothed with the power to protect our people, it has failed in the performance of its duties—leaving them exposed to a warfare of the most destructive kind, and to a taxation for the support of foreign governments and peoples, compared with which, the amount that would be required for the support of the largest fleets and armies, sinks into insignificance. As a consequence of this, we are rapidly passing into a state of dependence more complete than that which existed in 1776. Further proof of this, I propose to furnish in another letter, remaining meanwhile,

Yours, very respectfully,

HENRY C. CAREY.

Philadelphia, February 19th, 1858.

LETTER TWENTY-SECOND.

THE system described in my last letter, Mr. President, is, as you have seen, a war upon the agricultural communities of the world, for the reduction of the prices of their rude products. To what extent, it has resulted in reducing the prices of our staples, you have already seen, How it taxes the planters and farmers everywhere, I propose now to show, and with that view, will commence by asking your attention to the following comparative view of the exports from Great Britain at the close of the great European war, and at the opening of the gold-trade of California: —

	1815.		1851.
Export of woollens	£9,381,426		£10,314,000
" cottons	20,620,000		30,078,000
" silks	622,118		1,329,000
" linens	1,777,563		5,048,000
And of other commodities	19,231,684		21,723,569
Total	£51,632,791		£68,492,569

Nearly the whole increase that had taken place, in the long period of thirty-six years, was thus found in four branches of manufacture, the materials of which were wholly drawn from abroad, as is shown in the following statement of imports for that year: —

Wool	83,000,000 lbs.
Cotton	700,000,000 "
Silk	5,020,000 "
Flax	135,000,000 "
Eggs	115,000,000 No.
Oxen, cows, calves, sheep, hogs, &c.	300,000 "
Corn	8,147,675 qrs.
Flour	5,384,752 cwt.
Potatoes	635,000 "
Provisions	450,000 "
Butter	354,000 "
Cheese	338,000 "
Hams and lard	130,000 "
Rice	450,000 "
Spirits	2,000,000 galls.

Before proceeding to examine the figures above presented, I desire, Mr. President, to invite your attention to the idea, that *those who furnish the food, clothing, and lodging, do, in fact, furnish the power.* A locomotive engine is merely the instrument by means of which, the force *yielded by the consumption of fuel* is made to serve the purposes of man. So it is with men. Their

daily power to labor results from their daily consumption of food; and therefore is it, that those who supply the food and clothing, are really the parties who supply the power that is used. That understood, we may now inquire how many of the people of England are fed by the agricultural nations of the world, preparatory to an inquiry into the number there employed, in doing their work.

Divided among four millions of persons, the articles of food included in the above, would give to each about

1100 pounds of corn,
150 " flour,
12 " fresh meat,
16 " salted "
18 " potatoes,
20 " butter and cheese
12 " rice,
28 eggs, and half a gallon of spirits.

This being much more than the average consumption of the men, women, and children, employed in the workshops of Great Britain, it may fairly be assumed, that the world furnishes four millions of laborers with food and clothing, and with shelter, too — the chief part of the timber there consumed, being drawn from abroad.

To the stock of food above given, we have now to add, the total quantity of coffee and tea, of cocoa and sugar, of lemons and oranges, of figs and raisins, of spices and tobacco, consumed by the whole eight-and-twenty millions of the population of the United Kingdom.

Of raw materials, foreign nations supply all the cotton and silk, all the oil, all the saltpetre, and all the dye-stuffs; of hides, wool, flax, hemp, and various other articles, they not only furnish all that is re-exported in the shape of manufactures, but as much more as is adequate to meet the demands of a large portion, if not even of the whole, of the four millions above referred to— who may, therefore, be considered as being fed, clothed, lodged, and supplied to the English people, by the other communities of the world.

The whole number of persons, old and young, male and female, employed, in 1841, in the —

Cotton, hose, lace, wool, worsted, silk, flax, and linen manufactures of Great Britain, was	800,246
In the mines	193,825
In the working of metals, as smelters, founders, blacksmiths, nail-makers, brass-founders, cutlers, pin and needle makers, file and lock makers — thus embracing all the persons connected with the conversion of ores into metals, and metals into instruments, whether for the use of the farmer or the manufacturer, the builder of houses or the maker of cloth — was	303,368
Making a grand total of	1,297,439

The number so employed in 1851 must have been greater, and may perhaps be properly estimated at 1,500,000. If so, it follows, that the people of the world feed, clothe, and shelter, and thus furnish the labor of, nearly three times as many persons as are, in England, employed in mining her coal and her iron; in smelting her ores, and making her pig, bar, and railroad iron; in constructing her machinery of every description; and in converting iron, copper, brass, cotton, wool, silk, hemp, and flax, into the commodities required for consumption. Thus, in addition to furnishing nearly all the raw materials, they supply all the labor; and, further, they supply food, cloth, and lodging, for two and a half millions of persons otherwise employed.

Of the million and a half, there is, however, but a small proportion that is employed in working for the foreigners who supply this food, and these raw materials. Of the commodities exported, nearly all are of the coarser kinds, requiring very little of either skill or taste for their preparation. Thus, for instance, out of an export of £87,000,000 sterling in 1854, nearly £15,000,000 consisted of metals in almost their rudest state — having given occasion to the exertion of very little more than brute force. Coals constituted £1,500,000; while mere yarns amounted to £10,000,000. Cotton cloths, averaging only 3½*d.*, or 7 cents, per yard, were nearly £24,000,000. Linens, averaging 8*d.* a yard, made more than £4,000,000; while earthenware, alkali, beer and ale, butter, candles, cordage, fish, salt, and wool, contributed £5,000,000 towards the mass. The difference between the pictures presented by the French and English exports is most remarkable — the former exhibiting scarcely anything that has not been very highly elaborated — and the latter furnishing evidence, that, of all the vast quantity of commodities received from the world, those returned have undergone that lowest amount of preparation required for their reception among an inferior population. With the exception of machinery and millwork to an amount less than £2,000,000, and hardware and cutlery to about double that sum, there is scarcely any thing in the list of English exports requiring either taste or skill. Seeing that such is the fact, it may well be doubted if more than one-fourth of the labor given to manufactures — or that of four hundred thousand hands — is applied to the conversion of the raw materials exported; but, to avoid the possibility of error, we may assume it to be even as high as one-third = five hundred thousand persons — being one for every eight whose labor is, as has above been shown, furnished by the agricultural nations which find themselves compelled to look to Britain for a market.

The account between that country and the world at large would now appear to stand as follows: —

GREAT BRITAIN.

Dr.	Cr.
To the labor of four millions of persons there employed, while fed, clothed, and lodged, by other nations.	By the labor of half a million of persons—men, women, and children—employed in the lowest order of the labors of conversion.
To the sugar, tea, coffee, tobacco, fruit, and other commodities, required for the consumption of twenty-eight millions of persons.	
To the cotton, flax, silk, hemp, lumber, and other raw materials, required for domestic consumption, and for exportation.	By a small portion of the raw materials supplied.

Having studied the extraordinary picture that is here presented, I will now beg of you, Mr. President, to look once more to *Mr. Gee's* sketch of the Colonial system, given in my last, there to find the assertion that "not one-fourth part" of the products of the laborers of British colonies "redounds to their own profit" —they obtaining in return, nothing but "clothing and accommodation for their families," and being brought, thereby, so much in debt, as to be compelled to mortgage their estates, and to pay high interest to the mortgagees. That done, I have next to request, that you will look to the following sketch of the movement of the cotton trade, with a view to the determination of the question, whether, under the existing policy of the country, we are, or are not, with each successive year, becoming more completely subject to the Colonial system : —

Forty years since, the cotton imported into England amounted to 96,000,000 of pounds; and it commanded then 20½*d.* per pound — equal to £8,200,000.*

About thirty years later, the movement of the trade, according to the same authority, was as follows : —

Raw material, 500,000,000 pounds, at 5*d.* per pound	£10,000,000
Wages of 542,000 spinners, weavers, bleachers, &c., at £24 a year each	13,000,000
Wages of 80,000 engineers, machine-makers, smiths, masons, joiners, &c., at £50 a year each	4,000,000
Profits of the manufacturers, wages of superintendents, sums to purchase the materials of machinery, coals, &c.	9,000,000
	£36,000,000

We see, here, that while the raw material consumed was more than five times as great, the selling price in England was less than 25 per cent. greater. When, however, we reflect that with every stage of this increase, it had been necessary, because of the unceasing exhaustion of the land in cultivation, to resort to new

* McCulloch: *Commercial Dictionary;* article, *Cotton.*

and more distant lands, with constant increase in the cost of transportation—and when we deduct the domestic charge thus created, together with the freights, storages, brokerages, and other claims, upon this immense quantity — we find that these 500,000,000 pounds could have yielded their producers, of the various parts of the world, not more than £5,000,000; or less than, thirty years before, had been received by the producers of 96,000,000; and less, too, than was required to pay for the damage done to the land — leaving altogether out of view the cost of cultivation.*

The £5,000,000 thus paid for the use of so many millions of acres, became £36,000,000 before they left the factory; and yet, as we have seen, the changes effected in them were such as required only the lowest species of skill. Thence, they passed out to Turkey and India, Ireland and Portugal, Jamaica and Spain, the United States and Canada; and before they reached the consumers they had become not less than £60,000,000; about *one-twelfth* of which went to the cotton-grower, while the other eleven-twelfths were absorbed on the road between those who raised the wool, and those who wore the cloth—giving support to thousands, and tens of thousands, of men employed in blocking the wheels of commerce. The consequences of this are seen, Mr. President, in the facts, that the planter — important as is his commodity — can nowhere obtain proper machinery of cultivation; that his lands are everywhere being exhausted; and that slavery becomes from

* "Few crops," says a Southern journal, "are more exhausting to the soil than is the cotton crop. An immense amount of manure, usually consisting, for the most part, of decayed leaves, limbs, and forest mould, is required to keep the land of a cotton plantation in good condition. Another difficulty is, that cotton requires later cultivation than any other crop, leaving the planter but little time to enrich or improve his farm as he may desire. An Alabama planter says, that cotton has destroyed more than earthquakes, or volcanic eruptions. Witness the red hills of Georgia and South Carolina, which have produced cotton till the last dying gasp of the soil forbade any further attempt at cultivation; and the land, turned out to nature, reminds the traveller, as he views the dilapidated condition of the country, of the ruins of ancient Greece."

The effects of this, as exhibited in South Carolina, are thus stated in a recent address issued by the Agricultural Convention recently held in that State: —

"Your committee would earnestly bring to the attention of this convention the mournful fact, that the interest heretofore taken by our citizens in agricultural improvement has become stationary; that our old fields are enlarging; our homesteads have been decreasing fearfully in number; and our energetic sons are annually seeking the rich and fertile lands of the South-west, upon which they imagine that treble the amount of profits can be made upon capital than upon our own soils. Nor is this all. We are not only losing some of our most energetic and useful citizens, to supply the bone and sinew of other States, but we are losing our *slave population*, which is the true wealth of the State. Our stocks of hogs, horses, mules, and cattle, are diminishing in size and decreasing in number, and our purses are being strained for their last cent to supply their places from the Northwestern States."

year to year more and more the lot of the laborers of all cotton-producing countries. Such are the necessary results of the system that looks to cheapening the raw materials of manufacture, and to increasing the difference between their price and that of the finished commodities into which they are converted.

Eleven-twelfths, or fifty-five millions of pounds, are divided among middlemen — and of this enormous sum four-fifths, probably, centre in the owners of English ships, mills, and other machinery of exchange and transportation. To pay this, it is required, that the agricultural nations send to England enormous quantities of tea, coffee, sugar, indigo, and other commodities — while themselves wasting, *daily*, more labor than is employed, *monthly*, in all the mines and factories of the United Kingdom. Hence their inability to obtain improved machinery; and hence the necessity they are everywhere under, of confining themselves to the work of scratching out, and selling, the soil.

The direct effect of the reduction in the price of cotton has been, and is, that of forcing labor into the production of sugar, with similar effect — enabling the people of England to obtain three pounds for the price they before had paid for one, but ruining the people of Jamaica. The decline in the price of sugar forced labor into the production of coffee, and that, in its turn, fell in price—*there being a solidarity of interest—of prosperity, or of adversity—among all the agriculturists of the world.* Our farmers and those of Russia and Germany were injured by the stoppage of manufactures in Ireland, because it had the effect of diminishing the Irish consumption of food, and forcing large quantities on the English market. The planters were injured by it, because it not only stopped the consumption of cotton among the Irish people themselves, but—by forcing large quantities of labor upon England — it lessened the power of the English laborer to consume either food or cotton. That all communities prosper by the prosperity of all others, and that all suffer from injury received by others, is a truth that will, Mr. President, at some day, come to be admitted; and when it shall be so, the farmers and planters of the world will be found combining together to compel the maintenance, in the conduct of public affairs, of a sound morality — looking to the advancement of the interests of commerce, and to their own emancipation from the tyranny of trade.

So, too, is it with the laborers of the world. Whatever tends to impair the condition of those of India is injurious to those of France and England; and therefore it is, that those nations would find it *profitable* to carry out in their international relations the same morality that is required between man and his fellow-man. The low prices of sugar and cotton, and consequent slavery of the producers of those commodities, are but consequences of the system that has so much tended towards the enslavement of the workers in iron and cotton — that one which has sought the anni-

hilation of the power of association and combination everywhere outside of Britain.

What, Mr. President, is it, that the British manufacturers desire? What is the object of the "warfare" that, as we are told by the highest British authorities, is now carried on against the agricultural nations of the world? — Is it not, that of cheapening raw materials, while maintaining at their highest, the prices of finished commodities? That such is the case, cannot be denied.

What is it, on the other hand, that our farmers and planters desire? Is it not the reverse of this? Do they not wish to have raw products dear, and finished commodities cheap? That they do so, is certainly true.

What is the policy, Mr. President, advocated by the foreign manufacturer? Is it not that one, which is commonly called free trade? It is so, certainly. In advocating it, does he desire to carry out his own views, or those of the planter? Does he desire to raise the price of food and cotton? Does he not, on the contrary, desire to cheapen both? Does he desire to tax himself, for maintaining the millions of tons of shipping required for carrying enormous masses of raw products to the ports of Britain? Does he not, on the contrary, wish to throw upon the producers all the cost of transportation? Does he not know, and feel too, that, under that system, they receive the most trivial share of their products — the remainder being absorbed by traders, transporters, brokers, and middlemen of all descriptions; and is it not for these reasons, that he urges upon the world the adoption of the free-trade system? That it is so, is unquestionably true.

The objects of the two parties being thus so widely different, is it possible that both can be attained by the pursuit of any one set of measures? Can the system invented for the purpose of depressing the prices of raw products raise them? Can that which looks to maintaining the prices of finished products, lower them? It cannot; and yet, every measure of our central government, in regard to trade, for the last twelve years, has had the fullest approbation of the advocates of that system. Could we desire better evidence, that those measures are hostile to the interests of both farmer and planter?

The more, Mr. President, that you shall study the subject, the more will you be satisfied, that to the policy of that government is due the depression in the prices of all our products, to which your attention has been called; and that, it is to its errors, and not to excess in the amount of power retained by the States, when they adopted the Constitution, we owe the monetary difficulties you have so well described.

Yours, very respectfully,

HENRY C. CAREY.

Philadelphia, February 23*d*, 1858.

LETTER TWENTY-THIRD.

Two systems, Mr. President, are before the world — one, whose objects are to be promoted by increasing the competition for *the sale* of all the raw materials of manufacture, labor included; another, which looks to increasing the competition for *their purchase.*

The first, tends towards maintaining, and even augmenting, the necessity for machinery for transportation — thus increasing the influence of the trader. The second, would promote the growth of the power of combination, and thus diminish the necessity for such machinery — while enlarging the field of commerce.

The first, looks to widening the space by which the producer and the consumer are separated; the second, to its contraction.

The one, would increase the difference between the prices of raw materials and finished commodities; the other, would secure their more close approximation.

The one, looks to increasing the proportion of mental and physical power given to trade and transportation, and thus diminishing that which might be applied to production; the other, to an increase in the proportion given to production, and a diminution in that applied to effecting changes in the places of the things produced.

The one, was reprobated by Adam Smith; the other, is in full accordance with his doctrines, as well as with those of Colbert, the most distinguished of all the sons of France.

Leader in the advocacy of the first has been, and is, Great Britain. Leader in the establishment of the second, and most consistent in its maintenance, is France; and thus, after so many ages of almost ceaseless efforts to do each other injury, by means of warlike operations, are these two nations now engaged in a peaceful contest for the leadership of the world; but, peaceful as it is, it is destined to exert an amount of influence, compared with which that resulting from the movements of fleets and armies in the past, will prove to have been entirely insignificant.

For centuries, both have been almost unceasingly engaged in war, but widely different have been the objects sought to be attained — France having fought for glory and dominion, while England has looked with a single eye to the establishment of the supremacy of trade. Equally different have been their respective policies — France having imitated Rome, who, universal plunderer as she was, left the local arrangements of her provinces untouched; while Great Britain has imitated Holland, in seeking to monopolize the machinery of trade and transportation, and thereby compelling strangers to make their exchanges in her single market.

The policy of the one has been that of the soldier; that of the other has had for its foundation, the single idea of "buying in the cheapest, and selling in the dearest market."

Colbert wished that French colonists should refine their own sugar and make their own cloth. England, on the contrary — desiring that the "mischievous practice" might be prevented — inserted in her grants of land, clauses "declaring the same to be void," should the grantee "apply himself to the making of woollen, or such like, manufactures." Seeking the enlargement of commerce, France, under the lead of Turgot, abolished the monopolies of earlier times; while, at the same moment, the Parliament of England — looking always towards trade — was adding, year after year, to the restrictions upon the movements of her artisans, and thus creating a monopoly to be held against the world.

The system of the one, is based upon the idea of cheapening the raw produce of the earth, and the labor of him by whom it is tilled. The other, seeks to protect the laborer, by bringing the market to his door, and thus giving value to his land.

The closer the approximation of the price of the raw material and the manufactured commodity, the smaller, necessarily, is the *proportion* of the product of labor appropriated to the payment of the transporter, the trader, the soldier, and all others of those classes standing between the men who labor to produce, and those who need to consume the things produced. The closer that approximation, the more rapid will be the circulation, the more *instant* the demand for labor and its products, and the greater the power to apply the faculties of mind and body to the work of conversion — while giving a constantly increasing *proportion* to the labor of developing the riches of the earth, and thus augmenting the quantity of things susceptible of being converted. In France, the quantity of food has increased twice more rapidly than the population; and yet, her manufacturing industry has attained such large dimensions, that its product is given at 4,000,000,000 of francs, or nearly $800,000,000* — being, probably, twice the amount of the total yield of land and labor, a century since. The movement, too, is a constantly accelerated one. Forty years since, France absorbed but 60,000 bales of cotton; now, she requires 400,000. Then, the whole value of the silks manufactured, but little exceeded 100,000,000 of francs; now, it exceeds 400,000,000. Then, she made but little iron; now, she makes more than 500,000 tons—being as much as was produced in Britain, thirty years since. Then, her mines yielded but 800,000 tons of coal; now, the quantity exceeds 5,000,000 — having sextupled in that brief period.

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* This sum has reference to *the additional value* given to raw products by the processes of manufacture, and is not to be understood as including that of the materials themselves. The total amount of commodities manufactured is given at 8,000,000,000 of francs.

These are great changes; and yet, so far are they from having been attended with diminution in the proportion of physical and mental faculty given to agriculture, that they are the cause of a constant increase therein.

A century since, France could have fed with wheat seven millions of people. Now, she could feed more than twenty millions.* Then, the corn, potatoes, and other vegetables, if equally divided among the population, would have given about 800 pints per head. Now, it would give more than twice that quantity; and of the change thus manifested, by far the larger portion has occurred in the forty years through which we last have passed. This, Mr. President, is a great change, and yet it is but a part of what has been effected. The policy of Colbert, in seeking to diversify the modes of agricultural employment, having been carried out in reference to sugar, the result is seen in the fact, that France has now more than a hundred thousand acres devoted to the culture of the beet-root — producing sugar to the amount of sixty or seventy millions of francs, equal to twelve or fourteen millions of dollars; and so cheaply is it supplied, that the sugar of the colonies finds itself forced to implore protection against the domestic manufacture.

In 1812, the total amount of silk cocoons produced but little exceeded 5,000,000 kilogrammes; now, it exceeds 15,000,000, with a value of more than sixty millions of francs, or twelve millions of dollars.

France has now 32,000,000 of sheep, against 27,000,000 in 1813, and 20,000,000 in 1789; but the improvement in quality has been far greater than that in quantity — the demand from the constantly growing woollen manufacture, having offered a large bounty upon the devotion of time, mind, and means, to the improvement of the race.

Cloth has steadily declined in price, while wool has much advanced; and the corn that, a century since, would command but twelve and a half francs, was worth nineteen francs in the deceminal period ending in 1840. The prices of the raw material and of the finished commodity are steadily approximating each other — thus affording the strongest evidence of advance in civilization. The consequences of the increase of quantity, and of price, are seen in the fact that whereas, eighty years since, the average money-value of the produce of an acre of land was 87½ francs, it has since risen to no less than 237 — having almost trebled.

We see, thus, Mr. President, that much of the augmented money-value results from increase in quantity, and most especially from increase in those bulky products of the earth, that will not

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* That the change here indicated is still in rapid progress, is shown by the fact that while the average product of wheat in the years 1842–1848 was only 72,000,000 hectolitres, that of 1847–1851 was no less than 86,000,000.

bear transportation to distant markets. A further portion of it is consequent upon the increased utility of many portions of the produce, resulting from the existence of a market near at hand. Thus, the wheat-straw, alone, is valued at 393,000,000 of francs, or nearly $80,000,000; and the total value of the straw of France at 761,000,000 of francs = $150,000,000 — being more than the total value of the cotton crop of the United States, which occupies so nearly exclusively the land of no less than ten of our States, and furnishes almost the whole employment of so many millions of people.

As a general rule, France feeds herself. In thirty-three years it occurred once — in 1847 — that her imports of food were adequate to the supply of 2,700,000 persons. Twice — in 1832 and 1846 — she imported half that quantity. Six times, her imports sufficed for the feeding of from three to four hundred thousand persons; but in nineteen of the thirty-three years her imports were insignificant.

The annual average of her exports, in the ten years ending 1836, but little exceeded 500,000,000 of francs. In 1852, the amount was 1,250,000,000 — being an augmentation of 150 per cent.; while the average of the previous five years, including those disastrous ones of 1848 and '49, exceeded 1,000,000,000; and yet, large as was the increase, nearly the whole amount of labor thus exported, directly represented food produced on the soil of France. How small is the quantity of foreign raw material that goes to the production of the goods exported, is shown by the fact, that while the value of cotton fabrics exported in 1854 was 60,000,000 of francs, the weight was only 7,300,000 kilogrammes, or 16,000,000 of pounds—giving an average of seventy-five cents for the raw cotton that had passed into the hands of the manufacturer at an average price, not exceeding ten. The total weight of clothing and furniture exported in 1856 was under 40,000 tons — a quantity that, as you have seen, Mr. President, could be carried in forty ships of very moderate size; and yet, in that small bulk was contained little less than two hundred millions of dollars' worth of French food, so condensed, in accordance with the ideas of Adam Smith, as to enable it freely to travel to the remotest corners of the world.

The tendency of French policy is that of making manufactures subsidiary to agriculture — combining a small amount of foreign raw materials with a large quantity of domestic ones, and thus enabling her farmers cheaply to maintain commerce with distant countries. Scarcely any thing passes out until it has attained a form so high, as to cause the skill and taste, which represent her food, to bear a very large proportion to the value of the raw material that is used. Her exports of raw produce are insignificant in amount; and even of wine, the amount exported but little exceeds that of the years immediately preceding the Revolution —

the average from 1844 to 1846 having been only 1,401,800 hectolitres, against 1,247,700 tons from 1787 to 1789.

The total value of French produce and manufactures exported in 1856 was 1,893,000,000 francs, or $370,000,000; and of this large sum, the foreign raw materials could scarcely much have exceeded, even if they equalled, a fifth — leaving 1,500,000,000 of francs as the actual value of food and other domestic products furnished to the world, after having been reduced in bulk, so as to economize to the utmost extent, the cost of transportation. Land and labor rise in value precisely as they are emancipated from that first and most oppressive of taxes; and therefore it is, that we witness so large an increase in the price of those of France.

In 1821, her real estate was valued, and the amount returned to the government was 39,514,000,000 francs, or nearly $8,000,000,000. A similar valuation having been made in 1851, and before the California gold deposits had begun to affect the movements of the world, the amount was found to have risen to no less than 83,744,000,000 francs, or $16,000,000,000 — having more than doubled in the short period of thirty years. In the same year, the total value of the real estate of the Union was returned at $3,889,000,000; but, as subsequently corrected at the Census bureau, it was increased to nearly $5,000,000,000 — that having been given, as the true value of all the land and buildings of the country. Were we now to add to this, even sixty per cent., we should obtain a sum no greater than that which represents *the addition* made to the value of the real estate of France, in thirty years. It follows thence, Mr. President, that the fixed property here created, in the whole period that has elapsed since the landing of the Pilgrims, is far less in value than that created by the French people, in the brief period you have so well described, of constantly repeated financial convulsions among ourselves.

This is, certainly, a most extraordinary fact, and it behoves us, Mr. President, to inquire into the causes of its existence. In that period, France has maintained armies that have counted by hundreds of thousands, while ours have counted by thousands. She has made wars in Europe and Africa; while, with the exception of our discreditable attack on Mexico, we have enjoyed a peace that has been undisturbed. She has undergone a succession of violent revolutions; we have had none but those resulting from the operation of the ballot-box. Her land has been oppressively taxed for the maintenance of fleets and armies, admirals and generals, kings and emperors; whereas, ours has not been taxed for a single dollar, to be applied to the purposes of the central government. Nevertheless, the land of France so steadily rises in value, that it would now command thrice as large an amount of money as could be obtained for all the real estate of our Union.

Why, Mr. President, is it so? Because, French policy looks

to relieving the farmer from the tax of transportation, and thus giving value to the land, and the man by whom it is cultivated; while ours looks to increasing that tax, and destroying the value of land. — Because, the one looks to increasing the power of association and combination; while the other looks to its destruction. Because, the one looks to diversifying the pursuits of the people; while the other seeks, as far as possible, to limit the whole community to the pursuits of scratching the earth, on one side, and trade and transportation, on the other. Because, the one would tend to create a scientific agriculture, and to promote demand for all the powers of THE MAN; while the other seeks to limit the demands upon its people, to brute force, on one side, and craft on the other. Because, the one looks to increasing the products of the land, while augmenting their prices; and the other, to diminishing the yield, while lessening the prices of the things produced. Because, the one enables the people subject to it, to import the precious metals; while, the other compels their exportation. Because, the one looks towards raising the value of the laborer, and making him more free; while, the other tends towards diminishing his value, and thus making the slavery of the white man and the black, the law of the land. Because, the one seeks to establish the independence of both the people and the state; while under the other, colonial dependence grows from year to year. Because, finally, the one looks to the extension of that domestic commerce which, as you have so distinctly seen, is the only sure foundation of a great foreign one; while those to whom we owe the other, have dreamed of the erection of a great foreign commerce, upon the ruins of a domestic one.

The more, Mr. President, you study the commercial movement of France, the more you will be satisfied of the accuracy of your views as to the sort of free trade that is really needed by your countrymen; that sort which is required for giving wealth to the people, and strength to the government.

With great respect,

Your obed't servant,

HENRY C. CAREY.

Philadelphia, February 26th, 1858.

LETTER TWENTY-FOURTH.

THAT men, Mr. President, become more independent in their actions, and more free to combine their efforts with their fellow-men, as their faculties become more and more developed, is a truth, whose evidence may everywhere be found. So, too, is it with communities — their independence of external action growing in the direct ratio of the variety in the demand for human faculty among themselves. For proof that such is the case, we may now, for a moment, look to the working of the English and French systems — the one based upon the idea of extending foreign trade, at every cost to domestic commerce; and the other, upon that of creating a great internal commerce, as the sure foundation of a profitable intercourse with other nations.

That the total number of persons of all descriptions, employed in Great Britain in converting cotton into yarn, and in making the inferior cloths, the pig iron, the earthenware, and other similar commodities, by means of which that country not only pays for all the supplies required for her numerous population, but is enabled also to bring their producers so much in debt, does not exceed half a million, is quite certain. That large quantities of produce are there received, and that very little is given in return, is a fact that does not admit of doubt; and one, too, the conviction of whose existence must, sooner or later, force itself upon the agricultural communities of the world. Were it now fully understood, and were those communities to arrive at the conclusion, that they might as well mine and smelt their own ores, twist and weave their own cotton, and make their own earthenware, at the same time saying to those few people — "Come among us and mine ore, make iron, spin thread, and weave cloth;" and — that having been done — were they to have the work performed at home, that they now have done in England, the effect would be, that instead of feeding four millions of people, they would have but half a million to feed; and instead of giving such prodigious masses of cotton, sugar, coffee, lumber, dye-stuffs, and other raw products, in exchange for a little cloth, and very little iron, they would have the whole of that immense quantity to apply to the purchase of improved machinery, or to that of the comforts and luxuries of life. Such an operation would require but few years for its accomplishment, and for the reason, that the British system, based as it is upon the idea of cheapening labor, has little tendency to create demand for anything beyond mere muscular force. Dreading a competition that could so readily be established, Great Britain is entirely de-

pendent, for the maintenance of her power, upon the peaceful submission of the agricultural communities, to the system of trading warfare, that, as you have seen, Mr. President, has been established; established, too, in full accordance with the declarations of some of the most eminent statesmen of England, in reference to "the necessity for strangling in their infancy" all attempts at competition with British makers of cloth and iron.

What, however, would be the effect upon France of a change of policy, looking to full protection, on the part of Ireland, Turkey, Portugal, Brazil, India, the United States, and other countries? Would she be placed in a similar position? She would not, because her policy is that of thoroughly elaborating and perfecting her own rude products, and those of other lands received in exchange. With her, the value of the raw material bears but a small proportion to that of the finished commodity; and while she sends to the world the finest silks and cloths, wines and porcelain, her rival exports cotton-twist, blankets, coal, pig and bar iron, beer, and earthenware. The one aspires to lead the world, while the other seeks to underwork it. In the one, artistic taste is being from day to day more fully stimulated into activity; whereas, in the other, the tendency towards making of man a mere machine, increases from year to year. The one looks to the cheapening of labor and land; whereas, the policy of the other tends towards raising the price of both.

Those who desired to supersede the one, would require only the lowest description of manufacturing skill — to be acquired in the briefest period; whereas, those who sought to supplant the other, would need a skill to be acquired only at the cost of very many years of application; and a taste, for the development of which would be required a ready access to works of art; and, whatever might be their progress, France would still continue in advance.

In proof that such would be the case, we need only take the tables of exports — doing which, we find that France finds her customers chiefly in those countries that are already largely manufacturing, and that are, themselves, anxious to compete with her, to wit: —

England.....	250,000,000 francs.	Switzerland	58,000,000 francs.
United States....	162,000,000 "	Zoll-Verein	42,000,000 "
Belgium	121,000,000 "	Russia.....	14,000,000 "
Sardinia.....	72,000,000 "	Hanseatic Cities.	13,000,000 "
Spain.....	65,000,000 "	Holland	15,000,000 "

Adding to these the colony of Algeria, 103,000,000, we have 905,000,000 exported in 1852—leaving 345,000,000 for the rest of the world; and nearly all that balance is so divided, as to show that France is, everywhere, ministering to the tastes of the more refined portions of the various communities of the world. So far, therefore, is she from fearing competition, that she has reason to

desire it — knowing that with every increase in the power, anywhere, to make cotton and woollen cloths, and iron, there arises an increased demand upon her workshops, for commodities requiring that high development of the artistic faculty, which she alone can furnish.

Turning to England, we find that her exports, in the same year, to the advancing portions of Europe, that is to say—

To Europe, exclusive of Turkey, Italy, and Portugal — amount to only £19,000,000

While the raw material that has undergone the single process of twisting, and that goes only to manufacturing countries amounts, alone, to £10,000,000

Adding to this, the unmanufactured metals, and the coal, sent to those countries, we shall obtain almost all the balance — England having, in fact, but little to send to any country that is itself advancing in civilization.

To this country, the exports were more than £16,000,000; but of this, nearly the whole amount consisted in common cottons and woollens, iron, and other articles requiring little skill or taste; while from France were imported nearly all of those in the preparation of which artistic skill was manifested. Deducting the two quantities above referred to, there now remain no less than £38,000,000, or more than half of the whole, for India, Australia, Portugal, Turkey, Buenos Ayres, Mexico, and other countries, in which there exist few manufactures; and in which, consequently, are found the evidences of barbarism—raw materials being cheap, while finished commodities are dear.

The French system is based upon the idea of the enlargement of commerce—resulting from the compression of raw commodities into their smallest form; and from the emancipation of the farmer from the tax of transportation. Commerce grows with the growth of the *powers* of man; and therefore would France profit by the adoption in other countries, of the system that has so well been carried out at home.

The English system is based on the idea of the supremacy of trade, and the augmentation of the tax of transportation. Trade grows with the growth of man's *necessities;* and therefore would England suffer under any system leading, in other countries, to development of the faculties, and increase in the powers, of man.

Such being the case, we can now readily account for the steadiness of the commercial policy of the one, notwithstanding the shocks of repeated revolutions; and for the exceeding unsteadiness of the trading policy of the other, although political revolutions are there unknown. The one, after long experience, has recently announced to the world, through the President of the Council, *M. Baroche,* its determination "formally" to "reject the principle of free trade, as incompatible with the independence

and security of a great nation, and as destructive of her noblest manufactures. No doubt," as he continued, "our customs tariffs contain useless and antiquated prohibitions, and we think they must be removed. But protection is necessary to our manufactures. This protection must not be blind, unchangeable, or excessive; but *the principle of it must be firmly maintained.*" The other, on the contrary, has changed its system repeatedly, and especially within the last five-and-thirty years. Until 1825, it had gone on heaping protection upon protection; but since that time, its policy has been altered and re-altered, until the *form* of the existing one, bears hardly the slightest resemblance to that of the days of George III., although the *spirit* remains the same.

The one is quiet, tranquil, and confident, in its forward movement; whereas, the other, restless and doubtful, is unceasingly engaged in wars for the extension of trade; military wars, carried on by soldiers and sailors, admirals and generals; and trading wars carried on by means of "large capitals" so directed as to crush out competition, abroad or at home.

The one is rapidly becoming the leader of the advancing nations of Europe; whereas, the other is gradually surrounding itself with the ruins of once-important nations, that have been its friends.

The policy of the one is in accordance with the views of its own illustrious Colbert; and with those of Adam Smith, when teaching that "that country in whose cargoes there is the greatest proportion of native, and the least of foreign, goods, will always be the principal gainer." The other is in harmony with the doctrines of Sir Robert Peel, who taught that England's governing principle should be found, in the single determination to "buy in the cheapest market, and sell in the dearest one"—buying labor, at home and abroad, at a low price, and selling it, both at home and abroad, at a high one. The one looks to the elevation and enfranchisement of man; the other, to the subjection of the laborer to the trader, and to his ultimate enslavement.

What, now, Mr. President, is our condition, as compared with that of France? Can we maintain commerce where *we will?* Are we not, on the contrary, forced to go where *we must?* Can we send wheat, or corn, to the people of California, or Australia? Do those of Brazil, or India, desire to purchase rice or cotton? Assuredly not—their demands upon the outer world being for finished commodities, and not for the rude products of the soil. How, then, do we maintain commerce with Brazil and California? Is it not by the circuitous route of Manchester and Lyons—*the whole of the tax of transportation being paid by the farmers and planters of the Union?* That it is so, cannot be questioned.

France, on the contrary, sends the rude products of her soil to every country of the world—having first combined tons of corn and potatoes with pounds of silk and cotton, clay and gold, in

accordance with the advice of Adam Smith. Sending hundreds of millions, in value, compressed into tens of thousands of tons, in bulk, she is enabled to throw upon those who send her raw materials, all the cost of transportation, while establishing, from year to year, an independence more complete. We, on the contrary, forced to maintain commerce with the world, through the medium of foreign ships and mills, become daily more and more dependent. Why, Mr. President, is it so? Because the central government — refusing to perform the duties devolved upon it by the States — limits its views to its own protection, and neglects the protection of the people.

As a consequence of this unhappy state of things it is, that the planter is compelled to pray for short crops instead of large ones. With the one — freights being low, while prices are high — he is enriched. With the other — freights being high, and prices low — he is impoverished. So, too, with our farmers, dependent, as they everywhere are, upon the trivial demand of Europe, consequent upon short crops in England, France, or Germany. Give them that great domestic commerce, the need of which is to yourself, Mr. President, so very evident—that commerce which France so rapidly obtains — and they will, then, be enabled to rejoice in the prosperity of the agricultural interest everywhere.

Hoping that by aid of reforms to be initiated by yourself, our farmers and planters may be enabled to obtain that free intercourse among themselves, and with the outside world, of which they have been so long deprived, I remain, Mr. President,

With great respect,

Your obed't servant,

HENRY C. CAREY.

Philadelphia, March 3rd, 1858.

LETTER TWENTY-FIFTH.

We are constantly assured, Mr. President, that the protective system, favorable as it may be to commerce at home, tends to the annihilation of foreign commerce. All the facts of history tend, however, to prove the reverse of this — the power to maintain intercourse with foreign nations having always grown with the growth of domestic commerce, and it having been by the latter's help, alone, that the former has been maintained. The great development of British external commerce followed that of the internal one, which owed its existence to a protective system of the most stringent character. So, too, has it been, with all the protected countries of Europe — the power to maintain exterior commerce having, everywhere, followed the adoption of measures looking to the development of an internal one, as is shown by the following facts: —

From 1826 to 1835, as we have seen, the domestic exports of France averaged only 500,000,000 francs; from 1845 to 1849, they averaged 1,000,000,000; and in 1856, they had attained the enormous amount of 1,893,000,000 — having almost quadrupled in the five-and-twenty years, during which we have been subjected to such repeated crises, consequent upon the determination of the Federal government to secure to itself the control of the local banks and their circulation.

In the free-trade period of Russia, from 1814 to 1824, the quantity of foreign merchandise consumed averaged only $32,000,000 a year. Growing gradually, by aid of highly protective measures, the power of that country to be a customer to foreign nations, had risen, at the opening of the Crimean war, to $75,000,000.

The domestic exports of Belgium, in 1828, amounted to only 156,000,000 francs. By 1850, they had become 263,000,000. In 1856, they were 375,000,000 — the exports of food from that little country, with its four and a half millions of people, having, thus, been greater than our own average, in the decade ending in 1855 — embracing, as it did, the periods of the Irish famine, and the short crops of Germany and France. Belgium follows the advice of Adam Smith, in combining her food and wool in the form of cloth, and thus enabling it to travel cheaply to the most distant countries. We repudiate it, and hence the inability of our farmers to maintain commerce with the world.

Spain, impoverished as she has been, by the "warfare" of the smugglers of Gibraltar, and by repeated revolutions, increased her exports from 71,000,000 reals, in 1827, to 166,000,000, in 1852

Why it is, Mr. President, that such have been the uniform effects of the adoption of a system looking to the protection of the farmer in his efforts to bring the consumer to his side, and thus relieve himself from the tax of transportation, will readily be understood by all who study the following facts, in reference to the highly protected country of the *Zoll-Verein*: —

Forty years since, Great Britain received from Germany only 3,000,000 of pounds of wool; but, with the decline of German manufactures, the export of raw materials so largely increased, that, in 1825, the receipts in England, from that source alone, amounted to no less than 28,000,000 — a large portion of which was paid for in English cloth. Such having been the state of the trade, it follows, necessarily, that wool in Germany must have been cheaper than in England, while cloth must have been dearer—the prices of the two having been widely distant from each other.

In 1851, the quantity of wool, and woollen yarn, *imported* into Germany, amounted to 34,000,000 of pounds, and the quantity *exported* to 9,000,000 — leaving not less than 25,000,000 as the *net* import, and proving that wool in Germany must have been higher than in other countries. In the same year, the quantity of woollen cloth exported, amounted to 12,000,000 of pounds — proving that it must have become cheaper than in other countries. The prices of raw material and finished articles had steadily approximated to each other, and thus was furnished the most conclusive evidence of advancing civilization.

Two-and-twenty years since, the import of cotton, and yarn, into *Prussia*, amounted to 16,000,000 of pounds — having increased, in the twelve years that had then elapsed, but 6,000,000. The movement in the *Zoll-Verein*, in the period that has since elapsed, is thus given: —

	1836.	1845.	1851.
Cotton	152,364 cwts.	443,847 cwts.	691,796 cwts.
Cotton twist.....	244,869 "	574,303 "	676,000 "
	397,233 cwts.	1,018,150 cwts.	1,362,796 cwts.

The export of yarn and cloth, in this latter year, amounted to 159,241 hundredweights, leaving for domestic consumption more than 1,200,000 hundredweights, or 130,000,000 of pounds — this proving, first, that cotton cloth had become very cheap; second, that the power of consumption, among the agricultural population, had largely increased. That increase was a necessary consequence of the enlargement of the market for labor, and for the products of land, resulting from the extension of this manufacture. The weight of cotton goods exported, was, as we see, less than an eighth of that of the wool and yarn imported; and yet, the value of that small quantity, was 20,000,000 of thalers = $15,000,000 — being almost enough to pay for the whole import. At least

three-fourths of this large sum consisted of labor representing German food, thus enabled readily to go to distant countries.

Thirty years since, Germany supplied the world with rags, and imported paper, of which her consumption was then but small. In 1851, all had changed; the *net* import of the first having been 37,000,000 of pounds, while the net export of paper had risen to 3,500,000. In the first period, rags were cheaper than in other countries, while paper was dearer. In the second, rags were dearer, while paper was cheaper. The prices of the two had greatly approximated; and therefore had the consumption of paper so much increased as to absorb not only the whole quantity produced at home, but, in addition thereto, more than 30,000,000 pounds produced abroad. You will, Mr. President, more fully appreciate the value of these facts, when you reflect how large must have been the domestic production of rags, resulting from an addition to the consumption of cotton amounting to more than 100,000,000 of pounds weight.

In 1830, the quantity of coal that was mined was but 7,000,000 *tonnes* — and adding thereto 1,200,000 of brown coal, we have a total of 8,200,000. In 1854, the first had increased to 34,000,000, and the last to 12,000,000 — making a total of 46,000,000.

In 1834, there were made 76,000 tons of bar iron. In 1850, the quantity had risen to 200,000; and the pig iron that was made amounted to 600,000 tons. The present consumption of the *Zoll-Verein* is given at fifty pounds per head, per annum — being more than in any country of Europe except France and Belgium; and more than in any country of the world, except the two already named, Great Britain, and the United States. It is, however, the first step that is always the most costly, and the least productive. Every furnace that is built, and every mine that is opened, tends to promote further progress in the same direction—each and every of them tending to promote association and combination. In 1849, not a furnace was to be seen in the neighborhood of Minden, in Westphalia, but "now," says a recent traveller, "they stand like towers about the broad plain"— making a vast demand for food, clothing, and labor. Of the 80 copper-mines of Prussia, no less than 24 have been opened within the last few years. Every mine, every furnace, and every mill, aids in the creation of new roads, and the improvement of old ones—facilitating the opening of new mines, the utilization of the powers of nature, and the development of mind; and thus increasing the value of man, while diminishing that of all the commodities required for his use.

The value of cotton and woollen goods exported in 1851, was 30,000,000 of thalers = $25,000,000 — the chief part of which large sum, consisted of the food that had been combined with the labor, in the process of converting it into cloth. As a consequence

of this, the necessity for going abroad to find a market for food had so greatly decreased, that the *net* export from the country that only thirty years since was the granary of Europe, was but 10,000,000 bushels.

Look where we may, Mr. President, we meet with evidence of the fact, that the power to maintain a profitable foreign commerce grows with the growth of the domestic market for food, wool, and laborers, and the consequent diminution of the exhausting taxes of trade and transportation. Look, too, where we may, we meet with evidence of the necessity for protection, as the only means by which a great domestic commerce can be created; and of your own perfect accuracy in regarding that commerce as the thing we really need — it being the only sure foundation of an extended intercourse with other countries. Commerce grows with every diminution in the necessity for machinery of transportation — as is shown in all the countries which follow in the lead of Colbert, and of France. It declines, with every increase of this necessity, as is shown in Ireland, Portugal, Turkey, the United States, and all others, which follow in the direction indicated by England.

That commerce may grow, and that nations may acquire that real independence which exhibits itself in the power to maintain direct intercourse with the world, there must be steadiness and regularity of the societary action. Growing always with the growth of domestic commerce, stability is found, in all countries, existing in the direct ratio of the diminution of dependence on foreign trade; and therefore is it, that France, Belgium, Germany, and Russia, have passed through the recent crisis, almost unharmed; while in Britain, and among ourselves—the two communities whose policy looks to the sacrifice of domestic commerce at the shrine of trade — the societary movement would have been almost at an end, had not the banks of both suspended payment.

The more you reflect upon these facts, the more, Mr. President, it will, as I think, be obvious to you, that all our difficulties have their origin in excess of centralization, and not of localization; and that it is to change in the action of the central government, and not to interference with the local ones, we must look for remedy.

With great respect,

Your obed't servant,

HENRY C. CAREY.

Philadelphia, March 8th, 1858.

LETTER TWENTY-SIXTH.

THE real and permanent interests of all the members of a community, Mr. President, are in perfect harmony with each other—each and every man profiting by whatever tends to increase the productive power of his neighbors. So, too, is it with the communities themselves — each profiting by the increase in the productive power of each and all. That it may increase, there must be, in each, a growing power of association and combination, resulting from increase in the diversity of employments — the consumer and the producer taking their places by each other's side. To prevent such approximation is the object of the "warfare" waged by the British manufacturer, as described in a former letter; and hence it is, that discord grows so steadily in all the countries subject to the British system — Ireland and India, Turkey and Portugal, Jamaica, and these United States. Seeking evidence of the existence of a perfect harmony of international interests, and of the necessity for measures tending to a reduction of the power to carry on that war, we may look to the statistics of the cotton trade for the past few years, to some few figures in regard to which, I desire now, Mr. President, to invite your attention.

Twenty years since, France consumed 200,000 bales of cotton. She now requires 400,000. Twenty years since, Germany required 100,000. She now requires 400,000. Twenty years since, Sweden took 6000 bales. She now takes 60,000. We have, thus, an increase in three highly protected countries, amounting to 550,000. Adding to this, the additional demand of Belgium and Denmark, Russia, Austria, and Spain, we obtain about 700,000, as the quantity added to the consumption, in the protected countries of Europe. Turning now homeward, we find the addition in our own consumption, in the six years that followed the passage of the protective act of 1842, to have been about 300,000 bales; and thus do we obtain, as the total additional consumption of the protected countries, the quantity of a million of bales.

In four years, ending with 1838, the quantity taken by the mills of Great Britain averaged 1,100,000 bales. In the four, ending with 1854, the average was 1,750,000—the difference having been 650,000. In the same period, however, there had been an increase in the export of mere yarn, to be woven abroad, amounting to 30,000,000 pounds; and an increase in the imports from India, to the extent of nearly twice that quantity, as I have reason to believe, although unable to obtain the precise figures. This last constitutes no addition to the supply of the world, there being no reason for believing that more cotton is raised in India now, than

was raised there twenty years since. The excess import into England, is a consequence of decline of the domestic manufacture, and of the growing necessity, throughout India, for making exchanges among themselves, through the medium of distant lands—precisely as the people of Illinois and Mississippi are now compelled to do. The additional yarn being included in the consumption of the countries to which it goes, and the additional India cotton giving no increase of supply, the two quantities are to be deducted from the apparent increase of British consumption. That done, we have little more than 400,000 bales, as the growth of consumption outside of the protected countries, against a million within them. Such being the case, the real interests of the planter would certainly be promoted, by the adoption in Ireland, India, Brazil, Turkey, Portugal, and other unprotected countries, of the system under which the consumption of Central and Northern Europe has so rapidly and wonderfully increased.

How is it possible, Mr. President, that these various communities could accomplish the work suggested? All of them are poor, and so, it will be said, they are likely to remain. So *must* they do, while they shall continue the work of destroying capital, as they are now doing; but, so they will not do, whenever they shall begin to establish that circulation of service which constitutes society, and economizes labor. Ireland feeds daily more than seven millions of people — all of them consumers of capital, while but few of them produce anything to represent the things consumed. More than three-fourths of the mental and physical power of that country goes to waste; but that waste would cease, so soon as A and B were enabled to exchange services with C and D; and they, each and all, were enabled to exchange with others. Estimating the loss as being equivalent to the labor of only two millions of men and women, and the value of the things they might produce, at only half a dollar per day, we obtain *a daily amount of a million of dollars;* and an annual one of $300,000,000. The effect of this labor in *utilizing* the coal, the ore, and the thousand other things, now useless, by which those idle millions are surrounded, would be, to add almost as much, yearly, to the value of the land in cultivation; and here we have an annual amount, far exceeding the total value of the machinery for mining coal and smelting iron ore, and for spinning and weaving cotton, wool, flax, and silk, now in use in England. Turning to India, we see a hundred millions of people, nine-tenths of whose powers are wasted for want of domestic commerce. Give them that, and capital will at once exist, to an amount far greater than that of the machinery of Britain and France combined. Looking next to Turkey and Portugal, we see millions of people in a situation precisely similar; and yet, they must all be fed, clothed, lodged, and kept in order for daily work. The *daily* loss, there, is greater than the annual amount of skill and labor given by England to the conversion of the cot-

ton and the wool, the iron, the copper, and the tin, they can afford to purchase. Let employments be diversified, and that loss will cease; and then, capital will be found to exist in vast abundance. So is it everywhere. Mexico and Peru would have an abundant supply of capital, were they enabled so to modify their policy as to produce that circulation which is required for securing, that each and every man be enabled to sell his own powers, and to become a competitor for the purchase of those of others. All force results from motion, and it is only because there is no motion in the society of Ireland, India, and Turkey, that those communities continue poor.

Looking now homewards, Mr. President, we find a waste of capital, in the form of physical and mental power, not exceeded by any country of the world, with the slightest claim to be held as civilized. Farm after farm is cleared, and State after State occupied, to be then in part abandoned, because of the growing necessity for robbing the earth of its soil, to be sold in distant markets. Mills follow mills, and furnaces follow furnaces—ruining, in quick succession, all who undertake such works. Employers and workmen spend years in acquiring skill — to be then turned adrift, to seek, in the wilds of the West, the food and clothing that the policy of the central government denies to them at home.

With every step in this direction, the tax of transportation grows — the necessity for new roads increasing, as the power to make such roads declines. The proportion of the population engaged in the work of transportation, and in political and trading speculation—the class of middlemen—that class which lives at the cost of the producers—is, therefore, a continually increasing one. Hence, Mr. President, it is, that we so steadily decline in both morals and manners—that being the road *from* civilization, and not the one leading *towards* it.

Look where we may, we witness a waste of labor, consequent upon the absence of that diversification in the demand for human effort, which is needed for giving us that freedom of domestic commerce, regarded by yourself as being so essential to the creation of an extended intercourse with foreign countries. Millions of human engines are constantly burning the fuel required for the production of the power to labor, and as constantly blowing off the steam that is produced. Look where we may, we see mills and furnaces, mines and roads, scarcely, even when at all, employed—all the power they are prepared to furnish, thus going to waste. Why is it wasted? Because, unable to find a market for his grain, the farmer is forced to store it. Why can he not sell it? Because the miller, the weaver, the carpenter, the miner, the mason, and the laborer, are unable to sell the force resulting from the consumption of food.

Look, I pray you, Mr. President, to the extraordinary waste of capital, consequent upon the necessity for using the most perish-

able materials in our houses, ships, roads, bridges, and other constructions, of every kind. This, too, is a growing waste, as is proved by the fact, that the rate of insurance against fire has doubled in the last few years. In countries that are advancing in civilization, security increases, and the rate declines. With us, security steadily diminishes, and the rate increases—thus furnishing further evidence that our tendencies are *from*, and *not towards*, civilization. Why is it, that we use so little iron? Is it because of any deficiency of coal and ore? Certainly not. Why, then, do we not profit by them? The country abounds in laborers, who would gladly employ themselves in the development of the treasures of the earth, could they obtain food in exchange for labor. Why is it so? Because the central government leaves the people entrusted to its care, exposed to a "warfare" having for its object, the prevention of the mining of coal, or the making of iron, in any country, except the single one of Britain. Because it holds, that while bound to protect itself, it is under no obligation to protect its constituents.

Look next, I pray you, Mr. President, to the taxation of our farmers, for the maintenance of the 7,000,000 tons of shipping, that carries our products to the distant markets, and reflect, that the cost of maintaining this great fleet, is paid by the people who have rude products to sell, and not by those who buy them. The man who *must* go to market, must pay the cost of going to it, let it take what form it may. The corn and the cotton pay for the maintenance of the ships—leaving to the cloth all the profits resulting from their contributions.

Look further, to the fact, that the loss of shipping, in a single year, by age and accident, is no less than 93,000 tons, as shown in the last Treasury Report. At $40 a ton, we have, here, no less than $37,000,000. Add to this, for the cargoes of these vessels, only a similar amount, and you have $74,000,000; all of which falls upon the people who furnish the machinery of transportation—it being the community whose products are most bulky, that pays the cost of going to, and returning from, the market.

Throughout the Union, Mr. President, there is a waste of power unparalleled in the world. That power is capital. At how much might it be valued, were it fully applied? At more than the whole of our present product—the quantity wasted being *greatly more* than that employed. Our present production has been estimated at $3,500,000,000 a year—being nearly $10,000,000 a day. Estimating the daily waste at no more than that sum, we should have for the *weekly* one, a sum equal to the capital that has been required for the creation of all the cotton-mills of England. Why do we not economize this capital, and let it appear in the form of mills? Why do we not bring the spindle to the plantation? Why do we not make a market at the mines and furnaces, for the produce of the farm? Because the central government refuses to permit the people to make the effort, *once*

for all, to free themselves from the tax of transportation. Because, in opposition to the views so well expressed by yourself, your immediate predecessors have held, that it was better for *each* man to go daily to the spring in search of water, than that *all* the men should unite in the effort to construct an aqueduct, by means of which the water should be enabled to come daily to their doors. That, Mr. President, is precisely what we are doing — each man sending his little products to the distant market, at daily cost for transportation, when only the slightest effort would be required for bringing the market to their land, and thus annihilating, *at once and for ever*, the tax of transportation.

In all countries, capital accumulates in the precise ratio of the economy of human power. That it may be economized, there *must* be differences in society, resulting from the development of the various faculties of men. The commercial policy of France tends in that direction, and therefore does she grow rich; while, for want of that policy, Turkey and Portugal, Ireland and India, and our Union, decline from day to day—doing this for the plain and simple reason, that in each and every of them there is an enforced waste of capital, amounting, weekly, to more than the annual value of the foreign manufactures they consume. Let them be emancipated from the dominion of trade — let them have commerce at home — and they will soon have more to sell, and will be enabled to buy far more than they now do — becoming larger customers to the producers of cotton and sugar on the one hand, and to the makers of silks and ribbons on the other; and adding, too, to the market of these latter, by increasing the demand for the products of the former.

The farmers of the world, Mr. President, are natural allies, as against the trader — he seeking to have their products at low prices, and they desiring to sell at high ones. In the natural order of things, then, the agricultural nations should be found united in their resistance to a warfare against themselves, having for its object, the cheapening of their products. In Europe, they are so found — all the advancing countries having adopted measures of protection. As a consequence, their demands upon our planters are steadily increasing; and yet, strangely enough, our planting interest is the steady opponent of protection, here and everywhere! Constantly profiting, as they do, by the increased demands of France and Germany, they appear before the world as advocates of the system, under which the Irish and Portuguese demand for cotton, has almost disappeared. Hence it is, that, instead of placing ourselves, as we might do, in the lead of the world, we are rapidly declining towards that condition of colonial dependence, from which we were rescued, by the war of 1776.

With great respect,

Your obed't servant,

HENRY C. CAREY.

Philadelphia, March 10th, 1858.

LETTER TWENTY-SEVENTH.

THE first of all the taxes to be paid by land and labor being that of transportation, it follows, Mr. President, that it takes precedence of contributions required for the maintenance of the State. All that Iowa can claim of her citizens, is a share of the few cents there received for a bushel of corn, and not a share of the many cents paid for it in Manchester.

The tax of transportation diminishing with every increase in the power of combination, consequent upon increase in the diversity of employments, it follows, necessarily, that the power of the State grows with the growth of the power of combination among its people. The farmer close to New York, who sells his corn at a dollar a bushel, is more able to contribute to the support of government, than his competitor of Iowa, who gives four, five, or six bushels, for a similar quantity of money.

The greater the diversity of employments, the more is the tendency towards development of the various powers of the earth, and towards the creation of manufacturing and mining towns and villages — each constituting a local centre of attraction, capable of counteracting the centralizing tendencies of the State at large.

That these propositions are true, cannot, Mr. President, be questioned. Being so, the general laws deducible from them would seem to be as follows: The more numerous the demands for human faculty, and the greater their variety, the greater is the power of combination among men—the more productive must be their labor — the greater must be the tendency towards the creation and extension of local institutions—and the greater must be the power of the State of which they are a part.

Such being the law, it follows, necessarily, that the less the variety in the demand for human powers, the greater must be the tendency towards exhaustion of the soil, and dispersion of its people—every step in that direction being accompanied by diminution of local power, and growing weakness of the State.

That such *is* the law, we have proof in the enormous revenue of England of the present, as compared with the England of the Plantagenets; and in those of France, and all the countries that follow in the lead of Colbert, as compared with Ireland, India, Portugal, Turkey, and all other countries that follow in the direction now indicated by the economists of England.

How, Mr. President, is it with ourselves? The answer to this question would seem to be found in the single statement, that employments become less diversified from year to year. With each successive year, for ten years past, our people have been more

and more compelled to make their election between the work of robbing the soil, on the one hand, and plundering their fellow men, on the other — the proportion borne by traders and transporters, speculators and peculators, lawyers and politicians, office-hunters and office-holders, and middlemen of all descriptions, to the whole mass of society, having been a constantly increasing one. Great as, in those years, has been the tendency in that direction, it has increased tenfold, in the brief period in which you have occupied the presidential chair — mills, furnaces, mines, and machine shops having, everywhere, been closed, and hundreds of thousands of people having been reduced to choose between crime, on the one hand, and destitution, if not even death, on the other.

Such, Mr. President, being the state of things among the people, what should it be, in the relation of the people to the State? If increasing diversity of employments among the one, gives strength for the maintenance of the other, should not decline in that diversity be attended with growing weakness in the State? Assuredly it should, and that it really is so, we shall obtain abundant evidence, turn to what portion of the Union we may.

Looking first to New England, we witness an emigration of the most remarkable kind—each and every stage thereof being accompanied by consolidation of the land, diminution of cultivation, and decline of power to maintain schools, churches, roads, and government. From one quarter, we hear that it has become "evident that the number of families in quite a number of our agricultural towns is growing less. The old homesteads," as we are further told, "become the property of the adjacent husbandman, or go to ruin under the proprietorship of some far-off owner." From another, we learn, that "many of the churches are reduced to the last extremity," and that, "but for the missionary society, by which not a few of them are supplied, would yield at once to utter discouragement." Such being the general tendency throughout New England, the "wonder is not, that so many Eastern churches are drooping, but that they have so long borne up against the constant and copious depletion of their vigor and their piety."

Turning now to New York, we find a State in which the average yield of wheat, has fallen to little more than a dozen bushels — one, in which the diminution of the rural population, and the consolidation of the land, become more rapid with each successive year. Taking next, the Western portion of the State, one of the finest wheat-growing countries of the world, so recently a wilderness, we find its farmers already engaged in discussing the necessity of abandoning the wheat culture, as the only means of freeing themselves from the ravages of insects, provided by the Creator for the removal of diseased and decaying vegetable matter. Compelled to the exhaustion of their soil, and unable to vary their

cultivation, their plants become weaker from year to year, and more and more fitted to become the prey of the fly, and other enemies. As a consequence of this it is, that emigration steadily increases, and that the power to maintain the local institutions as steadily declines.

The young Ohio, now but little more than half a century old, has already become, and for similar reasons, the great emigrating State of the Union — the diminution in the yield of her land, having kept equal pace with augmentation of the pressure of taxation for local purposes. Passing thence, to the yet younger Indiana, we find the same great fact — local institutions that had been self-supporting, having been compelled to look abroad for the means of continuing their existence.

Turning now South, we see, in Virginia, a community occupying a land, that has been blessed by nature to an extent not exceeded in the world, and yet her government finds itself compelled to tax tradesmen and tavern-keepers, attorneys and dentists, clocks, harps, pianos, carriages, slaves, and numerous other commodities and things, for the purpose of obtaining the means required for its support. Quite recently, it has been proposed to lay an export duty upon oysters, as a means of maintaining the declining credit of the State! Having torn out and sold her soil, she has little now to sell, but slaves; and, as a necessary consequence, the burthen of the local institutions becomes greater from year to year. How it is with South Carolina, you have seen, Mr. President, in an extract from a Report made to the Agricultural Society of that State, given in a former letter.* Georgia has almost ceased to increase in population, although her territory, properly cultivated, would support half the people of the Union. Alabama, a State that, but forty years since, was almost entirely unoccupied, is following rapidly in the train of Carolina and Georgia — the yield of her soil decreasing — land becoming consolidated — and the power of extending, or even maintaining, churches, schools, or State, declining with each successive year.

The policy of the central government, Mr. President, tends to the subjection of the farmer, and the planter, to the trader, and to the building up of great cities, to be supported at the cost of those who produce corn and cotton, and need to consume cloth and iron. Look, I pray you, to the fact, that the city government of New York alone, expends, this year, more than $8,000,000. Who are the payers of these millions? The trader? The speculator? The property-holder? The ship-owner? It is none of these — all of them exercising the power to tax the unfortunate producers who find themselves compelled to depend upon distant markets, and to accept a single yard of cloth in exchange for the

* See note to Letter XXII.

corn that commands, in Manchester, ten or a dozen yards. The man who must go to market, must pay the cost of getting there, let it take what form it may; and among the items of cost, that of maintaining the traders, brokers, and speculators, of a city like New York, stands forth most conspicuously. The necessity for going to a single and distant market, increases with every year — every step in that direction being attended by an augmentation of the power of the trader and transporter, accompanied by decline in the powers of the land, and in the prices of its products. These, Mr. President, being evidences of declining civilization, we need be at little loss to account for the fact, that it has been here declared, that "free society has proved a failure," and that bondage is the natural condition of the laboring-man, be he white or black.

How is it, with our central government — the only one, claiming to be regarded as civilized, by which it is held, that the duties of government are limited to the protection of itself, and the compensation of its members and its servants — leaving wholly out of view the protection of the people, for the promotion of whose interests it was established? Do its demands upon the people diminish with the decline in the powers of the land, and in the prices of its products? Does the farmer who takes 12 bushels where his predecessor had obtained 24, pay less to the support of the Federal government? Does the flour which now sells for $4, contribute less to the support of Federal officers, than that which, forty years since, was sold at $10? Does the cotton which sells at 8 cents, contribute less for the support of ships of war, than that which sold, in 1816, at 25? Is the tobacco which commands $50 or $60, less taxed for the payment of senators and representatives, than that which sold, forty years since, for $100 or $120? — Let us, Mr. President, inquire.

In the half century which followed the close of the war of 1783, the highest expenditure of the Federal government, in time of peace, was $14,000,000; and even that amount had been reached only in the first term of General Jackson's administration — the average expenditure of his immediate predecessor, Mr. Adams, having been only $12,500,000, while that of Mr. Monroe's two terms, had been $13,000,000.

The average contribution, in the times of Messrs. Adams and Monroe, may be taken at about $1.70 per head. In General Jackson's first term, it was less — the population of 1830 having been nearly 13,000,000, and the amount of contribution only $14,000,000; or little more than a dollar per head. The reduction thus exhibited, was evidence of growing strength of the local powers — proving advance in civilization.

Five-and-twenty years have since elapsed, during the whole of which time, as you, Mr. President, have seen, the central government has been engaged in almost ceaseless efforts to extend its

powers, at the cost of the local authorities. During nearly all that period, its policy has tended to diminish the number of employments open to our people — to lessen the power of combination for any useful purpose — to increase the cost of transportation — to make the farmer and planter more dependent on the distant market — and thus to re-introduce the colonial system, so well described by *Mr. Gee*, from which we were emancipated by the war of 1776. The result is seen in the facts, that, while the population has increased but about 130 per cent., the expenditure has quintupled in amount, and more than doubled in its ratio to the number of persons by whom the contributions were paid.

Why is this so? Because, in opposition to the practice of the enlightened and civilized countries of the world, it is held by our central government, that the larger the space occupied by any given number of people, and the less, consequently, the power of association and combination, the greater must be the power of the state. Always on the watch for the acquisition of land, however poor, we have gone on, adding Florida to Lousiana, Texas to Florida, California to Texas, and New Mexico to California; and now hold ourselves ready, at almost any cost of honor, or of treasure, to become proprietors of Cuba, or Sonora. With every step in that direction, there arises a necessity for increase of fleets and armies, and increase in the number of public officers — with corresponding decrease in the power of the people to provide the means required for their support. In all advancing countries of the world, the proportion of the proceeds of labor required for the purposes of government, is a decreasing one. In all declining countries, it is an increasing one. With us, it steadily increases — the amount demanded, per head, being now twice as great as it was, when the selling prices of our raw products were more than twice as high as they are now.

That the progress of men, whether towards centralization or localization, slavery or freedom, barbarism or civilization, is one of constant acceleration, is a truth, the evidence of which is found in every page of history; but nowhere, Mr. President, can stronger proof be found, than in the records of our Treasury. Fifteen years since, under the administration of Mr. Tyler, the expenditure of the Federal government was $23,500,000. It is now $70,000,000, and there is every reason to believe, that before the end of your administration it will reach $100,000,000—the necessity for ships of war, and soldiers, increasing with the decline in value of all the commodities we have to sell. Five years since, the expenditures of New York city were under $3,000,000. They are now $8,500,000; and there is every reason to believe, that before the close of another decade, they will have largely grown—the power to tax the farmers and planters of the country, growing with every step in the progress towards reduction of the population to de-

pendence on the sale of the soil, in the form of wheat and cotton, for the means of present support.

For half a century, during which the Federal government was administered by Washington and his successors, down to Jackson, the general tendency of its action was towards carrying into practical effect the Declaration of our Independence. During nearly all that time, there was a general tendency towards increase in the diversity of employments, with constant increase in the power of association, in the strength of local action, and in the steadiness of the currency — no general suspension, in time of peace, having occurred in all that time. In the period that has since elapsed, the policy of the revolution has been abandoned, with constant increase in the dependence of the planter and farmer upon the distant trader. The power of local action, therefore, steadily declines, with constant diminution in the respect of the central government for local rights, and growing instability of the currency—the suspensions of payment, in that brief period, having been no less than three in number.

In the half century from Washington to Jackson — the policy of the country having been that of peace, and of the extension of that domestic commerce you have so well described—the Federal government was economically administered, and the power to contribute to its support was a steadily augmenting one. Since then — the policy having become that of free trade, annexation, and war — the expenses of the central government have greatly increased, while the power to contribute to its support, or to that of local institutions, has tended to diminish. In the first, Mr. President, all the phenomena we meet are those of an advancing civilization. In the other, they are those of a declining one. — How far the one, or the other, has tended to the production of strength in the State, I propose to examine in another letter — remaining meanwhile,

With great respect,

Your obed't servant,

HENRY C. CAREY.

Philadelphia, March 12th, 1858.

LETTER TWENTY-EIGHTH.

STEADINESS and regularity of movement, in machinery of any kind, is necessary to the maintenance of motion, and the development of power. A steam-engine subjected to sudden and repeated shocks, could have but a brief existence. So, too, Mr. President, is it with individuals and societies — regularity of action being indispensable to the development of their powers, to durability, and to increase of their influence on the movements of the world at large. How far such regularity has been attained among ourselves, and how far our various systems of policy have tended to augment, or lessen, the ability to control our own movements, and to influence the action of the world, it is proposed now to show.

Peace was restored to the world in 1815. We had passed, almost unharmed, through a war with Great Britain, and had come out of it rich and strong. The tariff being a highly protective one, the customs-revenue was large — exceeding $36,000,000. One year later, the system was changed — all the changes being in the direction of present, or ultimate, abandonment of the idea of protecting the farmer in his efforts to bring the consumer to his side, and thus relieve himself from the wasting tax of transportation. Factories and furnaces being, therefore, closed, mechanics and laborers were compelled to seek the West, and sales of public land rapidly increased. Large receipts from both land and customs gave us, of course, a prosperous treasury — the total receipts of 1819 having been $24,000,000; collected, too, at a time when, as now, the number of unemployed workmen in each of our principal cities, counted by tens of thousands. — Suddenly, however, the scene changed — poverty of the people producing inability to continue the payment of contributions to the public treasury. The total revenue fell, in 1821, to $14,000,000, or little more than a third of what it had been, but five years previously; and the Treasury, but recently so rich, was reduced to the necessity of resorting to loans; and that, too, in a time of profound peace! — Such, Mr. President, was the result, so far as the Treasury was concerned, of the first free-trade experiment.

The year 1828 having given us a really protective tariff, the following were the receipts of the Treasury, in the brief period of its existence: —

	Customs.	Land.	Total.
1829	$22,681,000	$1,517,000	$21,198,000
1830	21,922,000	2,329,000	24,251,000
1831	24,224,000	3,210,000	27,434,000
1832	28,465,000	2,623,000	31,088,000
1833	29,033,000	3,967,000	33,000,000

Here, Mr. President, we have a steadiness, and regularity of movement, worthy of all admiration — each successive year gaining slightly upon its predecessor, and enabling the Treasury to command the respect and confidence of the world by the gradual discharge of debts contracted in time of war, and in the disastrous free-trade period, which had so closely followed the return of peace.

The Compromise Act of 1833 repudiated the idea of protection — the point provided to be reached by it, in 1842, having been that of a strictly revenue tariff, with a rate of duty limited to 20 per cent. As before, land sales became large, and the total revenue of 1836 exceeded $48,000,000. As before, however, the apparent prosperity was followed by real adversity — the total receipts of the following years having been as follows: —

1837	$18,000,000	1839	$30,000,000
1838	19,000,000	1840	16,000,000

The instability and irregularity exhibited in the period from 1817 to 1822, are here, Mr. President, reproduced — the revenue mounting to 48, and then falling to 18 millions — then, again, going up to 30, to fall to 16; and all this, too, in the short period of five years! Need we be surprised at seeing that, under such a course of action, the machine was shattered? Is it wonderful, that the Treasury so entirely lost the confidence of those who had money to lend, as to have failed in all its efforts to negotiate a loan, either abroad or at home, and to have been compelled to resort to the use of irredeemable paper, as affording the only means at its command, for maintaining the government in existence? To all intents and purposes, it was bankrupt — such having been the result of the second free-trade experiment.

The bankruptcy of the Treasury having produced another change of policy, and protection having been re-adopted, we find a restoration of order and regularity in the financial movement, as is shown in the following figures: —

	Customs.	Land.	Total.
1843–4	$26,183,000	$2,059,000	$28,242,000
1844–5	27,528,000	2,077,900	29,605,000
1845–6	26,712,000	2,699,090	29,406,000
1846–7	23,747,000	3,328,000	27,075,000

The policy being once more changed, and the free-trade policy re-adopted, we find a repetition of the irregularity observed in both of the former free-trade periods—the total revenue having varied between 30 and 72 millions, and having fallen to a point so low, as to compel the government, one year since so rich, to solicit purchasers for the irredeemable paper, to the use of which it has now been driven. In the absence of demand for its commodity, it has been compelled to forfeit its engagements for the payment of money—thus committing what, in the case of indi-

viduals, would be held to be acts of bankruptcy. Such is the point, Mr. President, at which we have now arrived, in the third experiment of a policy based upon the idea that governments are instituted for the purpose of protecting themselves, and not the people for whose use they have been created.

What, Mr. President, are the prospects of the Treasury for the remaining years of this experiment? That we may be enabled to answer this question, we must first inquire into the prospects of the farmers and planters — the power to contribute to the public revenue, being wholly dependent upon the prices obtainable for the masses of raw produce, that the policy of the central government compels us to throw upon foreign markets.

To enable us to predict the future, it is required, that we study the past. Doing this, we find, that each successive crisis has established a lower standard of prices for all our products — flour having declined steadily, until from $14, in 1816, it had, at the opening of the Crimean war, reached the point of $4.24; and cotton having declined from 25 cents, in 1816, to little more than 6, in the period that followed the crash of 1842. As regards the first, we have already evidence of the existence of a state of things nearly correspondent with that of 1852; and yet, the hundreds of thousands of farms that have recently been created, throughout the West, have scarcely begun to supply the market. Let them begin, and let the seasons be propitious, and the prices of their products are likely to find a point lower than has ever yet been touched. As regards the second, we have, already, the following facts: first, the average export-price from 1852 to 1856, was only 9 cents—having been lower than that of any free-trade period we ever yet have known; second, the present price, with a crop no larger than that of 1849, is nearly as low as that average; and, third, the power to produce cotton, with fair seasons, is now fully equal to a crop of 4,000,000 bales; or more, by 1,200,000, than the one that is now in market. Let that power be exercised, as we see it to have been, in the years that followed the last great crash, and we shall probably obtain a further confirmation of the general principle, that each successive financial crisis, consequent upon the adoption of the policy recommended by British economists and manufacturers, establishes an average price, lower than that which had preceded it. That proving to be the case, as now appears very probable, it would seem quite clear, that our power to pay for foreign commodities, with the proceeds of either food or cotton, must be very small indeed. As regards the existence of any such power, resulting from the exports of manufactures, it is needed only that we remark the facts, that most of our mills are closed — that the proprietors are ruined — and that, there is little probability of their soon being opened. Gold — travelling, as it always does, in company with other raw materials—we shall, of course, export; provided we can

find the means to purchase it from Californian owners. Against that, however, there is a demand, for the payment of interest on debts contracted in the two free-trade periods, amounting to little less than $30,000,000 — constituting the first mortgage on our exports.

Our credit having disappeared, we can obtain no more goods than we can pay for, and that is little likely to equal $200,000,000, even if it exceed the $180,000,000 of 1850, when the customs revenue was $46,000,000. Since then, however, all duties having been reduced, while the free list has been much enlarged, the same amount of imports would, now, yield little more than $28,000,000.* Add to this a land revenue of $2,000,000, and we obtain a total of $30,000,000, as the probable receipts of a government, whose expenditures have already reached $70,000,000; and whose tendencies in the direction of increased expenditure are so very great, as to warrant the assumption, that they will speedily reach $100,000,000.

These estimates of the amount of imports, and of revenue, differ widely, Mr. President, from those of the Secretary of the Treasury, who tells us, that "looking to our probable exports, the great resources of our country, its unexampled prosperity in many branches of industry, its capacity to recover from temporary pressure in its trade and business, the opinion is expressed, with some confidence, that the reduction from this cause will not exceed twenty-five per centum;" and, that the customs-revenue upon which we may securely calculate, will be $69,500,000.

He who would predict the future, should be able to show that he had been able to anticipate the past. This, the honorable Secretary does not undertake to do. On the contrary, he admits, that the crisis had been "unforeseen;" and all his acts, as legislator, and as executive officer, from the opening of the session of 1856–7, prove that he did not, in the slightest degree, anticipate the recent changes. Had he done so, he would, certainly, have opposed the passage of the tariff act of 1857. Had he done so, he would not, so recently as September last, have purchased at a large advance, certificates of public debt, the payment for which so completely exhausted the funds at his command, as to render it necessary to withdraw from the Mint, all the funds appropriated to its use. Neither would he have had to call upon Congress to give its instant attention to the work of authorizing an issue of irredeemable paper, as the only means of keeping the government afloat. All the facts tending, thus, to prove, that the Secretary could not, in the spring and summer of 1857, predict

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* The Secretary of the Treasury estimates the reduction of rates, effected by the recent tariff law, at 25 per cent. Adding to this the quantity of goods now freed from the payment of any duty whatsoever, we shall obtain a reduction of, more than a third.

the occurrences of the the autumn and winter that were to follow, I beg, Mr. President, to ask — desiring, at the same time, to disclaim the slightest feeling of disrespect for your Cabinet Minister — what reason have we for believing, that the predictions of December, '57, are to be realized ln '58, '59, or '60? There is, as it appears to me, none whatever. They cannot be realized.

The crisis of '57 ought not to have been "unforeseen"—its approach having been heralded by the same phenomena, that had been observed in 1836. It was not "unforeseen" by those who had taken the trouble to study these phenomena, and to satisfy themselves, that like causes always produce like effects. Not only was it foreseen, but its arrival was publicly predicted; and in a manner, too, that should have induced such a study of the facts, on the part of a finance minister, as would have resulted in satisfying himself that the prediction could not fail, and that, too, speedily, to form a chapter in our financial history.

There being, at present, no reason for believing that our power to pay for foreign merchandize will be greater than it was some years since, and our credit having wholly disappeared, there is no warrant for supposing that the revenue, for the next three years, can exceed $100,000,000; but, there is abundant cause for the belief, that the expenditures of those years will exceed $250,000,000. Under such circumstances, there would seem little reason for doubting that the scenes of 1842 — exhibiting a total failure of confidence in the ability of the Treasury to meet its engagements, accompanied by an almost exclusive dependence upon the use of irredeemable government paper — are likely soon to be repeated.

How long, Mr. President, can such a system be maintained? How long can the government continue to expend eighty millions, while collecting only thirty? Is it not clear, that the road we are now travelling must end in bankruptcy the most complete? Will not the conviction that such must inevitably be the case, force itself upon the money-lenders of Europe, as well as upon our own?

We are, however, assured by you, that, the national credit being high, loans can be effected on "advantageous terms." To me, the reverse of this would seem to be the case — the rate of interest paid by our Treasury being higher than that paid by any other community, claiming to be in possession of a regularly organized and stable government. That rate is the true index to the confidence existing—the man of sober, industrious, and regular habits, always obtaining the use of money at rates far lower than those paid by gamblers and speculators, whose treasuries at one moment are overflowing, while at the next, they find themselves in the usurer's hands. Judging from the fact, that the trivial amount of money which constitutes our present debt, was obtained only on the condition of paying interest at the rate of six per cent., our credit cannot be regarded as being very good.

Should it be so, in face of the fact, that we are now again, and in a time of profound peace, compelled to resort to loans?

We pay higher interest than any community in the world, claiming to be held as civilized; and this we do, in common with all the countries that follow in the direction indicated by England — exporting rude products, and taking pay therefor, in trivial quantities of the same, returned in the form of finished commodities. Contrast, I pray you, Mr. President, our financial movements with those of France, and of all the countries that have followed her, in adopting the policy indicated by Colbert. Less than sixteen years since, the representatives of our Treasury were seen, and that, too, in a time of profound peace, knocking at the doors of all the bankers of Europe—seeking, in vain, to borrow a single dollar. Now, again, in time of peace, we find ourselves compelled to create a debt, the amount of which is likely, before the close of your administration, to exceed a hundred millions; provided, always, that it should prove possible to borrow that amount. France and Russia, on the contrary, have just passed through a war that has required enormous sacrifices of both men and money; and yet, neither the one, nor the other, has had occasion to go beyond its own territory to obtain the supplies it needed. Shut out, by order of the Allied Powers, from all the principal money-marts of Europe, Russia maintained her credit so perfectly, that her five per cent. stocks never, even for a single moment, fell below the par.

How would it be with us, Mr. President, in case of war, cut off, as we should be, from all our accustomed sources for revenue; with our ports blockaded, and our customs officers unemployed; with no demand for the rude products of the soil, and no demand for land; with a frontier accessible to the enemy, almost twice as great as it was, before the government entered upon its career of centralization, now five-and-twenty years since? Could we maintain our stocks at par? Certainly not! Abundant evidence would then be furnished of the accuracy of Johnson, when he declared that "extended empire, like extended gold, exchanged solid strength for feeble splendor." Never, at any period of our national existence, has the central government been so entirely incapable, as now, of guaranteeing to the people of the various States, of the Atlantic and the Pacific, the secure enjoyment of the rights of person and property; and yet, the expenditures of that government are five times greater than they were, when it first undertook to supersede the local authorities in the management of the currency.

France, Germany, Sweden, and Russia, and all other countries that have adopted the protective policy, grow daily stronger, while we grow daily weaker. Why is it so? Because, Mr. President, they appreciate the facts, that the first of all taxes is that paid to the trader and the transporter; that those taxes

take, therefore, precedence of the demands of government; and that the power of the latter to obtain revenue grows as the tax of transportation declines, and declines as that tax grows. Our government, on the contrary, closes its eyes to the existence of those facts.

Consequent upon this, it is, that those governments seek to promote the power of combination, while ours is incessantly laboring to destroy it; that the one seeks to give value to land, by facilitating the transfer of its products, while the other rejoices in the abandonment of land, and the emigration of its people; that the one seeks to create demand for all the powers of man, while the other limits the demand to that brute faculty required for the rudest cultivation on the one hand, and trade on the other; that the one would create a rich agriculture, while the other limits the business of its farmers and planters to the work of tearing out and selling the soil, and thus robbing the great treasury of nature; and, that the one seeks to supersede the trader and transporter in the government of its people, while the other labors to enable the trader and transporter to supersede itself.

The strength of all communities, Mr. President, increases in the ratio of the approximation of the prices of rude produce and finished products, In France, Germany, Russia, and throughout Northern and Central Europe, that approximation becomes, from year to year, more close; and therefore is it, that serfdom is gradually disappearing, and that those communities grow in strength, wealth and power. In Turkey, Portugal, India, and Mexico, those prices are steadily receding, and hence it is, that they all decline in wealth and strength—that so little confidence is felt in their future—that men become less free, from year to year—and that they find it necessary to pay so large an interest, when they need to borrow money. So, too, is it with ourselves, and hence it is, that our Treasury pays always so high a rate of interest; and, that among those by whom it has been directed, the belief in the necessity of man's enslavement has been a constantly growing one. Russia emancipates her serfs, at the moment when we are agitating the re-opening of the African slave trade!

The more the subject is studied, the more, as I think, must it become apparent to you, that what we need is, not a reduction of the local powers, but such a reformation of the action of the central power, as shall make it harmonize with the ideas of your most distinguished predecessors.

With great respect,

Your obed't servant,

HENRY C. CAREY.

Philadelphia, March 15th, 1858.

LETTER TWENTY-NINTH.

(CONCLUSION.)

OUR public warehouses, Mr. President, are filled with foreign merchandise, always ready to supply the material of auction sales. Our auctioneers are constantly at work, supplying the wholesale and retail dealers, at prices fixed by themselves. Our shops are gorged so thoroughly, with foreign food and labor in every form, from the coarsest woollens to the finest silks, as to leave no place for the domestic food and labor that seek a market. Such is the mode of "warfare," by means of which "*the most wealthy capitalists*" of Britain "*are enabled to overwhelm all foreign competition in times of great depression, and thus to clear the way for the whole trade to step in, when prices revive, and to carry on a great business, before foreign capital can again accumulate to such an extent, as to be able to establish a competition in prices with any chance of success.*" Such, Mr. President, is the sort of warfare, by means of which Ireland and India have been ruined, without the necessity for firing a gun, or drawing a sword. Such is the warfare against which your fellow-citizens, for ten years past, have sought, but vainly sought, to be protected — the only answer to their petitions having been, that the duties of the government were limited to the task of protecting itself, leaving the people to protect themselves as they could.

As a consequence of this it is: that after a growth of pauperism, steadily continued during the last ten years, we find it suddenly so much expanded, that hundreds of thousands of our people are wholly unable to sell their labor, or to purchase food and clothing:

That factories, mills, mines, and furnaces, the cost of which has counted by hundreds of millions of dollars, are now closed, and likely so to remain:

That the power to diversify the employments of society declines from day to day:

That, simultaneously therewith, we add to our population a million of persons annually:

That, the necessity for resorting to the labors of the field, as affording the only means of support, steadily increases:

That the supply of food tends, therefore, to augment, as the domestic consumption declines:

That its price tends, therefore, steadily to fall, and is likely now to be lower than has ever yet been known:

That the farmer, thus deprived of the ability to develop the powers of his land, is more and more forced to limit himself to

the work of robbing the earth of its soil, to be sold in distant markets:

That the competition thus produced, for the sale of food, is most injurious to the farmers of Continental Europe:

That the latter are thus deprived of the power to purchase cotton, the price of which, with favorable seasons, is likely to fall to a lower point than has ever yet been reached:

That the rewards of agricultural labor must, therefore, steadily decrease, as the necessity for resorting to the labors of the field increases:

That with every step in this direction, both farmer and planter become more entirely dependent upon the mysterious changes of foreign markets—prices rising, or falling, as consequences of acts over which they can have no control whatsoever:

That under such circumstances, agriculture must become, with each successive year, more gambling in its character:

That the rewards of productive industry must diminish, as the temptation to engage in gambling and speculation becomes greater, from year to year.

That the proportion of the population acting as middlemen, in the various capacities of trader and transporter, lawyer and poli tician, office-hunter and office-holder, must continue to increase:

That the taxes of the trader and transporter must steadily augment, as the powers of the land decline:

That as that taxation grows, the necessity for further dispersion of the population, with growing necessity for further roads, must steadily increase:

That, the greater the dependence on roads and ships, the less must be the power to command the use of efficient ships and roads:

That the dependence of the farmer and the planter upon the city trader, and that of the country at large upon the bankers of Europe, must become greater from year to year:

That the power of commanding the services of the precious metals must steadily diminish:

That commerce at home must decline, as the dependence on foreign markets increases:

That growing dependence upon the trader, and constantly increasing instability in the societary action, must be attended by constant diminution in the feeling of responsibility, and as constant increase in the demoralization that, with each successive day, becomes more clearly manifest:

That the waste of power, now so great, must steadily increase, with constant decline in the ability to produce the commodities required for consumption:

That the ability to maintain the local institutions must continue to diminish, and the necessity for further additions to our territory must as regularly increase:

That the expenditure of the Federal government must be a con-

stantly augmenting quantity — the needs of the Treasury growing as the powers of the people decline:

That bankruptcy of the state must follow, as a necessary consequence:

That constantly growing discord among the States must ultimately annihilate all confidence in, and all desire for, the maintenance of the Union: and

That, with each successive year, it must become more obvious, that the day is fast approaching, when "the republics of Greece, Rome, and America, are to stand together among the ruins of the past."

Such, Mr. President, has been the tendency of affairs, for the quarter-century that has elapsed, since the Federal government undertook the management of the currency — the only difference between the picture here presented, and that required for presentation of the period from '37 to '42, being, that the shades demanded by the present, are far deeper than those needed for the past. Then, centralization had but just begun to show itself. Now, it is fast becoming universal. Till then, the right of the States to control their local institutions, had scarcely at all been questioned. Now, the central power controls the municipal elections, and menaces with extinction, the local rights. More progress having been made, in this direction, under your immediate predecessor, than had been made in the preceding five-and-twenty years, that of each successive year is likely, should our present policy be maintained, to be greater than that of the five years through which we last have passed — the progress of man, in whatsoever direction, good or bad, being one of constant acceleration.

Why, Mr. President, should such things be? Why is it, that when, as you have told us, "the earth has yielded her fruits abundantly, and has bountifully rewarded the labors of the husbandman" — when "our great staples have commanded high prices," and when we "have possessed all the elements of material wealth in rich abundance" — that our "monetary interests" are in the "deplorable condition" you have so well described? "Why is it, that "in the midst of unsurpassed plenty in all the productions of agriculture and in all the elements of national wealth, we find our manufactures suspended, our public works retarded, our private enterprises of different kinds abandoned, and thousands of useful laborers thrown out of employment, and reduced to want?" Why is it, that "the revenue of the government, which is chiefly derived from duties on imports from abroad, has been greatly reduced, whilst the appropriations made by Congress at its last session for the current fiscal year are very large in amount?"

Seeking a reply to these questions, we are met, at once, by the fact, that they are precisely those which were asked in '22 and '42, the former free-trade periods; but directly the reverse of those which

might have been asked in 1817, in 1835, and in 1847, the closing years of the three periods in which it had been held, that it was among the duties of a government to protect its people, and that when it failed to do so, they would be governed from abroad — the home government being superseded by a foreign one, as is now so much the case.

Seeking abroad a further answer, we find the people of France profiting largely by increase in the value of the products of the land, and of the land itself. Turning towards Denmark and Germany, we find the serfs of the last century to have been replaced by hundreds of thousands of small proprietors. Looking to Russia, we are met by decrees, in virtue of which, serfdom has already ceased throughout a large portion of the empire, and must speedily cease in all. In all of these, the State becomes stronger and more self-dependent, from year to year; whereas, with us, it becomes weaker and more dependent.

Why should there be such differences? Because, the policy of all those countries tends towards the promotion of domestic commerce, and towards the substitution of the power of the government for that of the traders and transporters — the former finding its strength increase with the growing wealth and power of the people, and the latter rejoicing in their poverty and weakness. We, on the contrary, are gradually, but certainly, transferring the powers of the government to the hands of those who profit by trade and transportation, and who, therefore, rejoice in destroying the power of association and combination. Hence it is, Mr. President, that we, who claim to be the especial friends of freedom, are constantly seeking the extension of slavery, while the despots of Europe are as constantly engaged in striking the chains from their subjects' limbs.

What we need is, the adoption of measures tending towards limitation of the power of taxation exercised by foreign and domestic traders and transporters, by which the value of land and labor is now destroyed. Such was the tendency of the act of August, 1842, which came into existence when commerce had almost ceased, when bankruptcy was almost universal, and when confidence in man, in banks, in States, and in the Federal Treasury, had nearly perished. Scarcely had it become a law, when commerce once more started into life, confidence was restored, and hope in the future was found taking the place of the despair, that previously had been so nearly universal. Why was this? Because it had for its objects, the diversification of the demands for labor, the facilitation of combination, the extension of commerce, and the economizing of human power. It gave us, Mr. President, that sort of free trade, that, as you have clearly seen, we so greatly need — freedom of intercourse between man and man, town and town, county and city, State and State. That commerce we now have not, nor can we have it, while the policy of the Federal

government shall continue to be in accordance with the desires of the people who seek to have raw materials cheap, and finished commodities dear, and find, in enormous capitals, the most useful of all the instruments of warfare required for depriving the nations of the world, of all power for maintaining direct intercourse with each other.

Restore the act of 1842, Mr. President, and a demand for labor will arise — relieving us of all further necessity for perusing the shocking accounts of poverty, despair, crime, and death, with which our journals are now filled. Let it be restored, and mills and furnaces will at once be re-opened — making demand for labor, food, and raw materials, and checking decline in the prices of corn and cotton. Let it be restored, and your second Message will present a picture of prosperity among the people, and strength in the State, directly the reverse of the exhibit of poverty in the one, and weakness in the other, offered by your first.

Why can it not be restored? Because the generally dominant party — failing to see that the sort of free trade we really needed, was the one you have yourself so well described — has, for more than twenty years, repudiated the ideas of our revolutionary fathers, and of all our presidents from Washington to Jackson; and, having done so, must now repudiate all change. That it may maintain its consistency, it is required that we continue to pursue a policy that has been repudiated by all the advancing nations of Europe, and that has, wherever tried, here or elsewhere, resulted in bankruptcy and ruin. That it may be maintained, we must continue to exhaust our land; we must continue to pay a tax of transportation, greater than would be required for maintaining millions of men in arms; we must continue to waste capital capable, if properly applied, of more than doubling our productive power; we must continue to see our people perish, in default of power to find purchasers for their labor; we must continue to see capital acquire power at the cost of labor; we must continue and extend, the necessity for seeking public employments; we must continue to enlarge our territory, and with it, the necessity for fleets and armies; we must continue to augment the power of the central authorities, at the cost of the local ones; and finally, we must proceed onward in a course leading, and that inevitably, to the downfall of the system established by the men who achieved the Revolution, and who made the Constitution of 1789.

Those, Mr. President, who advocate further progress in that direction, can have little idea of the terrific responsibility that attaches itself to the administration of the affairs of nations. If it is a crime to take the life of a single man, what must it be, to subject millions of people to a policy leading inevitably to poverty, despair, and death? — If seduction is a crime, what, Mr. President, is the criminality of those who, for party purposes, advocate the maintenance of a system which, by destroying the

demand for female labor, leaves to tens, even if not hundreds, of thousands of our women, no choice but that between prostitution on the one hand, and starvation on the other?

It is time, that those charged with the administration of our affairs, should waken to the knowledge, that protection to the people is, in fact, protection to the government itself. The policy which transfers to foreign merchants and foreign States, the power of taxation, must result in bankruptcy of the treasury, ruin of the people, and downfall of the government. So it has always been, and so must it ever be.

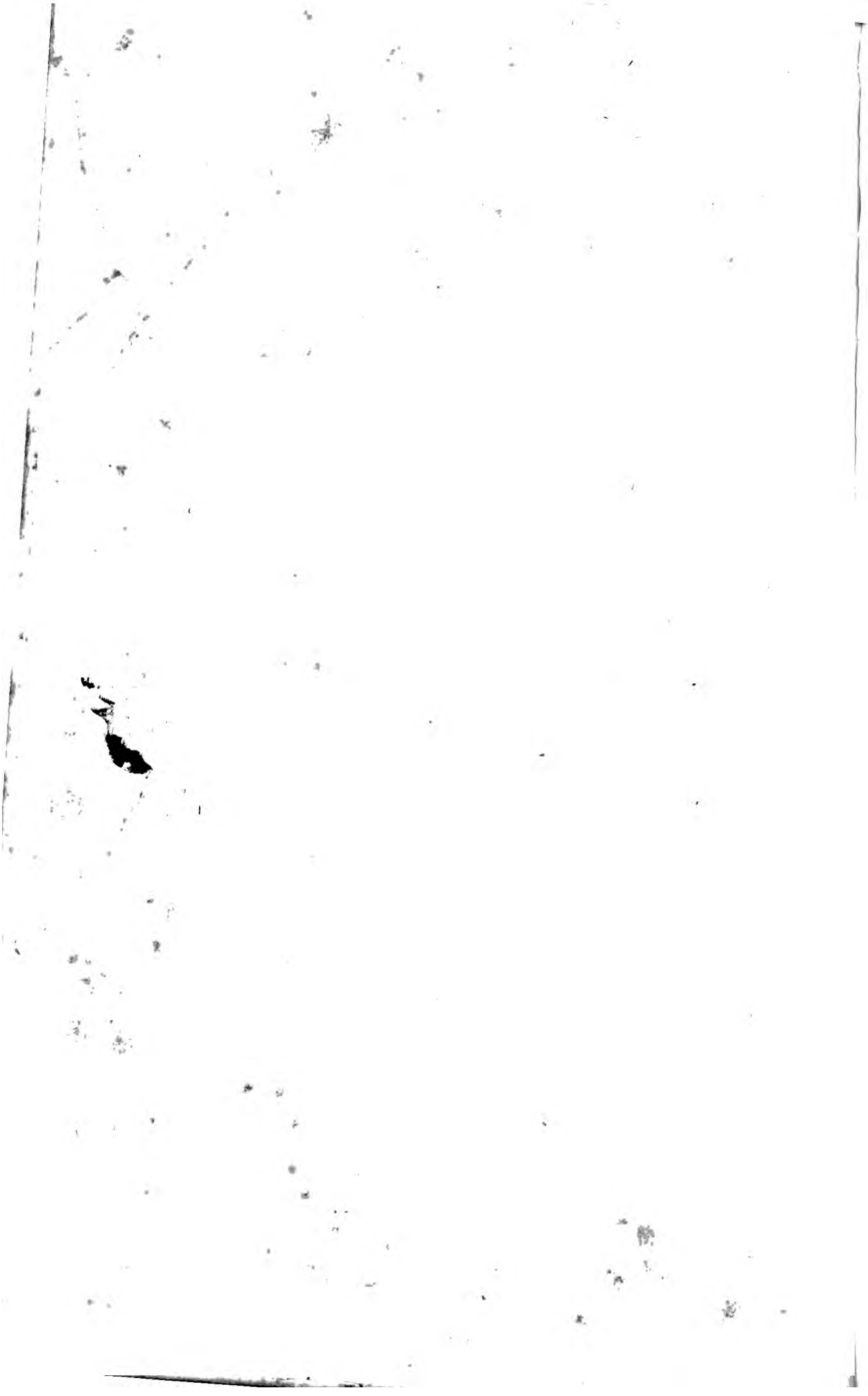
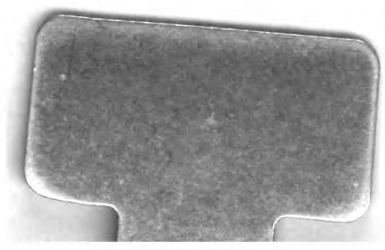
The rock upon which our ship is likely, Mr. President, to be wrecked, is that of trading and political centralization — the last a necessary consequence of the first. The more the policy of the country tends towards augmentation of the tax of transportation, the more rapid becomes the motion of our ship in the wrong direction, and the nearer approaches the day of wreck. You, Mr. President, are our pilot, and if we are to avoid the rocks, it is for you to change the direction of the helm. If that be not done, the story of our Union will stand before posterity, as presenting the most remarkable case of shipwreck recorded in the annals of the world.

Hoping, that under your pilotage, the course may be changed, and that the period of your administration may stand upon the record, as the one in which the policy of fostering domestic commerce as the true foundation of an extended intercourse with foreign nations, had been definitively adopted, I remain, Mr. President, with many apologies for my repeated trespasses upon your time and attention,

With great respect,

Your obed't servant,

HENRY C. CAREY.

Philadelphia, March 17th, 1858.

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