

**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**

Published @ 2017 Trieste Publishing Pty Ltd

ISBN 9780649631773

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

Except for use in any review, the reproduction or utilisation of this work in whole or in part in any form by any electronic, mechanical or other means, now known or hereafter invented, including xerography, photocopying and recording, or in any information storage or retrieval system, is forbidden without the permission of the publisher, Trieste Publishing Pty Ltd, PO Box 1576 Collingwood, Victoria 3066 Australia.

All rights reserved.

Edited by Trieste Publishing Pty Ltd.  
Cover @ 2017

This book is sold subject to the condition that it shall not, by way of trade or otherwise, be lent, re-sold, hired out, or otherwise circulated without the publisher's prior consent in any form or binding or cover other than that in which it is published and without a similar condition including this condition being imposed on the subsequent purchaser.

[www.triestepublishing.com](http://www.triestepublishing.com)

**H. C. CAREY**

**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**



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:—GUILLEAUMIN & CO.  
1858.



50167.12  
G-1-23-9-8-12

## CONTENTS.

---

	PAGE
<b>LETTER I.</b> — Historical sketch of the Union, from the peace of 1783, to the present time .....	3
<b>II.</b> — Of banking, in the Union, for the half century which followed the peace of 1783 .....	8
<b>III.</b> — Of banking, in the last five-and-twenty years .....	18
<b>IV.</b> — Phenomena offered for consideration, by the Union, at the present time .....	18
<b>V.</b> — Evidences of material, moral, and political deterioration..	24
<b>VI.</b> — Phenomena of advancing and declining civilization.....	31
<b>VII.</b> — Growing dependence of the American farmer on the distant market — its effects.....	35
<b>VIII.</b> — Growing dependence of the planter.....	40
<b>IX.</b> — Decline in the power of the products of the earth, to command finished commodities in exchange.....	45
<b>X.</b> — Waste of power, throughout the Union, and consequent exhaustion of the soil.....	50
<b>XI.</b> — Decline in the power to maintain commerce .....	57
<b>XII.</b> — The sort of free trade that is really required.....	63
<b>XIII.</b> — Policy of the Federal government in reference to the currency .....	69
<b>XIV.</b> — The precious metals the great instruments of association,	74
<b>XV.</b> — Those metals go from the countries that have little commerce, to those, in which employments are diversified, and in which commerce is great .....	79

LETTER XVI.—Influence of banks, and bank notes, on the supply of the precious metals .....	87
XVII.—How the policy of the Union affects the shipping interest .....	94
XVIII.—Increasing difficulty of obtaining efficient means of transportation.....	99
XIX.—Increasing charge for the use of money.....	106
XX.—Causes of the growing difficulty of accumulation.....	113
XXI.—Why it is, that protection is required.....	120
XXII.—Of the British system, and its effects upon the planters and farmers of the world.....	126
XXIII.—Of the policy of France, and its effects, at home and abroad .....	181
XXIV.—Commerce grows by aid of the French system, and declines under the British one.....	189
XXV.—Power to maintain commerce with foreign nations grows with the growth of domestic commerce.....	144
XXVI.—Harmony of all real and permanent international interests.....	148
XXVII.—Decline, throughout the Union, in the power to maintain the local institutions .....	153
XXVIII.—Declining power to contribute to the revenue of the State.....	159
XXIX.—Conclusion .....	166



# 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 attributes 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 1818, 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