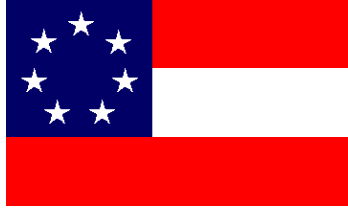
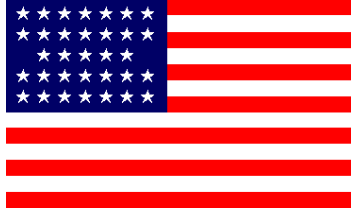


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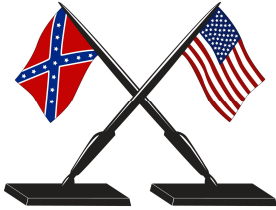


Volume 15

March 2010

www.WalterCoffey.com

FROM THE AUTHOR



Hello again from the writing cave in Houston, Texas! March has arrived and soon spring will be here. That's a relief because this has been a brutal winter for pretty much everybody. Even in Houston we saw snow not once, but twice this season. Having moved from Illinois in 1996, I vowed never to live in snow again. I guess Gianna and I will just have to move to Mexico!

How about that Super Bowl last month? The New Orleans Saints are actually the world champs. Who would've believed that? Maybe hell has frozen over, no wait, that won't happen until the Cubs win the World Series. No comment...

This month's newsletter highlights the censure of President Andrew Jackson by the Senate. Jackson was the only president to ever be censured by Congress, and it was mainly because of his efforts to destroy the Second Bank of the United States. The issue of national banking was very important in the 1830s, and it still is today. In fact, many free market economists believe that our current Federal Reserve System, the descendant of the Second Bank, is primarily responsible for the recession we are facing.

Jackson opposed centralizing financial power into a single institution for both constitutional and political reasons. This drew heavy criticism from those who benefited from central banking, mainly the wealthy elite. Unfortunately there are not many politicians courageous enough to stand up to the power of central banking today.

Also included is an article "celebrating" the first anniversary of the stimulus plan enacted last year. Its negative impact on our economy has added to the recession, and we can only hope that our country will recover in spite of, not because of, this failed plan.

As for my next novel, *The Confederate Trust*—I am finishing up the final edit and hope to have it done within a week or so. I still have to decide on a cover photo and other cosmetic details, but I'm hoping to submit it for publication by the end of March. That means it should be released by the end of May. This project has taken longer than I anticipated, but I always want to be sure to create the best possible product, regardless of the time. I can only hope that the readers are pleased enough with the final product to have made it worth the wait.

As always, thanks so much for your support, and until next time...

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MARCH 1862:

The Federals Press Their Advantages

The war's outlook appeared bleak in the South. Federal armies were threatening northern Virginia at Harpers Ferry; Richmond and Norfolk at Fort Monroe; Savannah and Charleston at Port Royal, South Carolina; New Orleans and Mobile Bay on the Gulf Coast; in northwestern Arkansas; and on the Mississippi, Cumberland and Tennessee Rivers.

The blockade began straining southern life, as necessary supplies were becoming more difficult to obtain. The February defeats at Forts Henry and Donelson, the fall of Kentucky and Nashville, the loss of Roanoke Island and the retreat in Missouri all impacted southern morale and proved that a more stringent effort was needed to secure independence.

In the North, despite February's successes, there was much disappointment. Many argued that the Federal armies were not moving fast enough, and little had been accomplished so far in Virginia. More people began clamoring for a peaceful separation, and more began clamoring for an end to slavery. All this disenchantment meant that the war would not end soon.

The Ironclads

By March 1862, Confederates had captured the U.S. warship *Merrimac*. They retooled the ship, fitted it with iron plates and renamed it the CSS *Virginia*. This was the first-ever ironclad warship in history. The *Virginia* easily destroyed wooden U.S. ships and even threatened Washington from the Potomac River.

News of the *Virginia*'s destruction terrified the North. U.S. officials turned to Swedish engineer John Ericsson to design a vessel to stop the *Virginia*. Using a reconditioned frigate, Ericsson designed the USS *Monitor*. Resembling a "cheese box on a raft," the *Monitor* contained over 40 patentable inventions when it was sent from New York to give battle.

On March 9, the *Virginia* and the *Monitor* met off Hampton Roads, Virginia in Chesapeake Bay. This was the first battle between ironclad warships in history, and it instantly made every other navy in the world obsolete. Neither ships could penetrate the iron plating of the other with cannon, however the *Virginia* was first to withdraw after running low on ammunition. The *Virginia* was later destroyed by its own crew to prevent it from being captured by Federal forces.



-- *The deck of the USS Monitor, the ironclad that helped change the face of world navies*

Soon both North and South began building more ironclads, which became the forerunners of the modern U.S. Navy.

Washington

On March 11, President Abraham Lincoln issued General War Order Number 3, which reorganized the Federal military departments. General John Fremont was given command of the new Mountain Department in western Virginia. The other western departments were consolidated into the Department of the Mississippi, headed by General Henry Halleck. This allowed Halleck to better coordinate the western armies in Missouri and Tennessee.

Most importantly, General George McClellan was removed as general-in-chief of all armies but was retained as commander of the Army of the Potomac. Although Lincoln explained that this was done to allow McClellan to fully concentrate on capturing Richmond, McClellan considered the order as a personal insult. All department commanders were to report to Secretary of War Edwin Stanton.

President Lincoln sent a message to Congress requesting that legislation be passed to compensate any southern state willing to gradually abolish slavery. Lincoln argued that compensated emancipation "would not be half as onerous, as would be an equal sum, raised *now*, for the indefinite prosecution of the war."

Confederates Suffer in the Western Theater

The Confederates abandoned their stronghold at Columbus, Kentucky on the Mississippi River to

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strengthen their hold on Island Number Ten. On March 14, Federal forces under General John Pope captured New Madrid, Missouri after a siege.

Meanwhile General Ulysses S. Grant's Army of the Tennessee was ordered by General Halleck to move from Fort Donelson to Eastport, Mississippi. When Halleck complained to Washington that Grant did not respond in a timely manner, Grant was replaced as commander by General C.F. Smith. Grant was reinstated later this month after the misunderstanding was corrected—a Confederate sympathizer had been intercepting the telegraph messages between Halleck and Grant.

After resuming command, Grant established his base at Pittsburg Landing, Tennessee, near the Mississippi border. General Don Carlos Buell's Army of the Ohio slowly moved out of Nashville, under orders from Halleck to link with Grant.

Meanwhile Confederate President Jefferson Davis wrote to General Albert Sidney Johnston, commander of all Confederate troops in the Western Theater, that he hoped Johnson could stop the Federal advance into Mississippi. Johnston spent this month gathering forces to launch a preemptive attack before the Federal invasion could begin. The forces gathered at Corinth, Mississippi, near the Tennessee border. By month's end, a major battle was set to take place.

McClellan Finally Invades Virginia

In Richmond, President Davis imposed martial law, and several pro-northern sympathizers were arrested for operating against the Confederacy. Davis also had disagreements with General Joseph Johnston, commander of Virginia forces, over reinforcements and furloughs. In addition, Davis rearranged his cabinet amidst criticism that the War Department was not operating effectively. This began an unending struggle to find an able secretary of war.

The Confederate Congress passed a law permitting the destruction of cotton, tobacco and other property if it could not be removed before falling into enemy hands.

On March 7, McClellan's U.S. Army of the Potomac began its long-anticipation invasion of Virginia. To counter, Johnston moved his Confederate forces into stronger positions around Fredericksburg. Lincoln had approved McClellan's plan to move his forces to the peninsula southeast of Richmond, however he insisted that McClellan leave behind enough troops to defend Washington. This

insistence would provide McClellan an excuse for future setbacks.

In the Shenandoah Valley, Confederate forces under General Thomas "Stonewall" Jackson threatened the Federals throughout the month. Many Federal troops were withdrawn from the valley to defend Washington when McClellan's army began its offensive.

On March 23, Jackson attacked General James Shields at Kernstown and despite being outnumbered, fought hard before withdrawing south. This marked the beginning of what became known as Jackson's famous Shenandoah Valley Campaign. Jackson's moves kept Federal forces occupied in the valley, preventing them from joining McClellan's offensive and thus helping Johnston defend Richmond.

Officials in Washington, fearing an attack on the capital, dispatched forces under General Nathaniel Banks into the valley, thus pulling more troops from McClellan's command. As Jackson moved south up the valley, Banks was in pursuit.

Action West of the Mississippi River

Confederates under H.H. Sibley moved north along the Rio Grande River and forced the Federal abandonment of Albuquerque. Sibley also conquered Santa Fe without a fight.

The Confederates moved southeast on the Santa Fe Trail and unexpectedly met a Federal force of Colorado volunteers under Major John Chivington. The Federals won the battle at Apache Canyon before withdrawing to Pigeon's Ranch near Glorieta. This proved that the Federals would not give up New Mexico Territory.

In Arkansas, Confederate Generals Earl Van Dorn and Sterling Price moved to stop the Federals under General Samuel Curtis, who had pushed Price out of Missouri. Curtis's men entrenched north of Fayetteville as Price and Van Dorn converged on them at Pea Ridge, or Elkhorn Tavern.

Confederates, aided by Indian forces, were initially successful. The death of Confederate General Benjamin McCulloch caused much confusion; General James McIntosh was also killed. This was a frontier-style battle, as some Federals were scalped by the Indians.

On March 8, Curtis finally drove off Van Dorn's

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Confederates. Van Dorn withdrew to Huntsville. The Battle of Pea Ridge was the largest battle fought west of the Mississippi, and the Confederate defeat meant the permanent loss of Missouri. This also hampered Confederate ability to control the Mississippi. This was the last major Confederate offensive west of the Mississippi until 1864.

The Atlantic Coast

Federal forces under General Ambrose Burnside captured New Berne, North Carolina after driving out about 4,000 defending Confederates. This became another base for Federal inland expeditions and a new base for recruiting pro-Union citizens in North Carolina.

U.S. HISTORY:

President Andrew Jackson is Censured



-- Andrew Jackson, 7th
President of the United States

On March 28, 1834, the Senate voted to censure President Andrew Jackson for assuming “upon himself authority and power not conferred by the Constitution and laws.” This was the culmination of a feud between Jackson and Congress over control of the federal government. This feud’s primary issue was Jackson’s move to put the Second Bank of the United States out of business.

The Bank was the forerunner to today’s Federal Reserve System, and Jackson and his Democratic Party opposed centralizing U.S. finances in a single national bank. Jackson’s opponents thought he was a tyrant for attacking the Bank, and consequently Jackson became the first and only president in U.S. history to be censured.

The National Bank Causes Boom and Bust

When the War of 1812 ended, the U.S. was swimming in debt. The First Bank of the United States had gone out of business in 1811, and in its place was a network of state banks that were each allowed to print and issue their own paper money. All this paper money, which was not backed gold or silver, caused rampant inflation. In an effort to curb this inflation and regulate the currency, Congress created the Second Bank of the United States in 1816.

Many opposed the idea of a national bank because it centralized U.S. finances (and essentially the national

economy) into a single entity, and there is no provision for such centralization in the U.S. Constitution. Others supported a national bank because it could provide financial stability and put all states on a relatively equal economic level. In the end, the Bank was created to stabilize the economy.

However instead of stabilizing the economy, the Bank made matters worse. By printing its own paper money, the Bank added to the inflation by increasing the money supply. The Bank also provided generous loans to state banks and private interests with little or no collateral in return. This fueled a two-year business boom, and while booms generate prosperity (like the early 2000s), they are built on false premises and thus must always end with a bust (like 2008). That bust came with the Panic of 1819.

The Panic of 1819 began a two-year depression that featured mass bankruptcies, bank failures, mortgage foreclosures and unemployment. Even after the economy recovered, many blamed the Bank for causing the panic in the first place. And many never forgot the Bank’s role as the years went by.

Enter Andrew Jackson

The Democratic Party was founded in the late 1820s, and many Democrats criticized the Bank for only catering to elitists and special interests, thus helping the rich get richer. When Democrat Andrew Jackson became president in 1829, he played on this populist sentiment by denouncing the Bank.

In his inaugural address in March 1829, Jackson called the Bank “a monster, a hydra-headed monster... equipped with horns, hoofs, and tail so dangerous that it impaired the morals of the people, corrupted our statesmen, and threatened our liberty. It bought up members of Congress by the Dozen... subverted the electoral process, and sought to destroy our republican institutions.”

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The Supreme Court had declared that the Bank was constitutional in *McCulloch v. Maryland* (1819). However Jackson argued that the even though the Court issued an opinion, “The opinion of the (Supreme Court)judges has no more authority over Congress than the opinion of Congress has over the judges, and on that point the President is independent of both.”

Jackson’s primary opponent was Bank President Nicholas Biddle. Many Democrats considered Biddle a snobby elitist. Biddle used the Bank’s advantage over state banks by offering favorable loans to those who supported him. Biddle also had the power to hire and fire the thousands of Bank employees at the various branches. These powers enabled Biddle to indirectly control the votes of thousands of people. To Jackson, Biddle and the Bank represented not only a constitutional threat, but a political threat as well.

The Veto and Removal of Federal Deposits

In the summer of 1832, Congress passed a bill that would re-charter the Bank for another 20 years. At the time, the majority in Congress consisted of National Republicans (later renamed Whigs, forerunners to modern-day Republicans) who supported the Bank. The chief supporter was Henry Clay.

Although the Bank’s charter was not set to expire until 1836, the National Republicans timed this bill to coincide with the upcoming presidential election, in which Clay was opposing Jackson. The Bank donated \$100,000 to Clay’s campaign, and Clay pushed the re-charter bill through Congress.

The National Republicans knew that Jackson opposed the Bank, but they did not think that Jackson would risk his election chances in November by vetoing the bill. However on July 24, 1832, Jackson shocked Congress by doing exactly that.

In vetoing the Bank’s re-charter, Jackson declared that the Bank needed to be abolished because:

- It concentrated U.S. financial strength in a single institution
- It exposed the U.S. government to control by foreign interests
- It served mainly to make the rich get richer
- It exercised too much control over members of Congress
- It favored northeastern states over southern and western states

Jackson also attacked the Supreme Court decision upholding

the Bank’s legality. Since the Court decided that the Bank was legal under the “Necessary and Proper” clause of the Constitution, Jackson argued that the Bank was “unnecessary and improper.”

Nicholas Biddle called Jackson’s veto a “manifesto of anarchy.” Massachusetts Senator Daniel Webster, who was the Bank’s legal counsel and director of the Boston branch, declared that Jackson’s veto was a political tool. The National Republicans printed and distributed thousands of copies of the veto message, hoping that it would turn public opinion against Jackson. To their dismay, most people supported Jackson and he easily won re-election in November.

In his second term, Jackson added insult to injury by ordering the removal of federal deposits from the Bank’s vaults. Holding federal deposits was the Bank’s main advantage over its competitors, and without them the Bank had nothing to loan. The removal effectively left the Bank to die a slow death until its charter expired in 1836.

Jackson’s victory over the Bank was important because it proved that Congress was no longer the most dominant branch of the federal government. Because of this, many in Congress resolved to punish Jackson for his defiance.

The Censure

The National Republicans were alarmed that Jackson had consolidated power in the presidency more than any of his predecessors, and as a result Jackson was often called a “tyrant” or a “dictator.” Jackson had vetoed more bills than all previous presidents combined, some for political, rather than constitutional, reasons.

In addition, Jackson used his power of political patronage (i.e., granting government jobs) to double the size of the federal government in his tenure, thus planting the seeds of the bloated federal bureaucracy that exists today. Jackson’s opponents were angered by this government expansion, especially when most jobs were going to those loyal to Jackson. But most of all, the veto of the Bank’s re-charter and the removal of federal deposits epitomized the sort of imperial presidency that Jackson had established.

When Congress convened in December 1833, the National Republican majority in the Senate demanded that Jackson surrender documents related to removing the deposits from the Bank. When Jackson refused, Clay introduced a censure resolution. After a 10-week debate, the Senate voted 26 to 20 to censure Jackson. When

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Jackson issued a protest denying the validity of the Senate's actions, the Senate refused to print Jackson's protest in its journal.

From the time it was issued, the Democrats worked to have the censure removed from the Senate record. By 1837, Jackson was just months from leaving office and the Democrats in the Senate moved to remove the censure. After 13 hours of debate, the Senate voted 24 to 19 to do so. The 1834 Senate journal was retrieved; the secretary ringed the censure in black and wrote "Expunged by the order of the Senate" over it. The pen used to expunge the censure was delivered to Jackson.

The Senate has not censured a president since. A motion was made to censure President Bill Clinton for perjury and obstructing justice during the Monica Lewinsky scandal of the 1990s, but the motion was not voted upon.

Jackson defeat of the national bank led to greater financial liberty in the U.S. and prevented the boom-bust business cycle that plagued countries employing central banking. However Jackson's expansion of the federal government led to an ever-increasing bureaucracy that relies on taxpayer funds to sustain it, thus constraining liberty. In the end, the national bank returned in the form of the Federal Reserve System, and Jackson's bureaucracy continues to expand. So Americans ultimately lost on both counts.

BOOK REVIEW:

Andrew Jackson and the Bank War by Robert V. Remini

Remini's book, written in 1967, illustrates the political drama concerning the battle between President Andrew Jackson and Nicholas Biddle, president of the Second Bank of the United States. Remini shows how that battle changed the U.S. forever.

While Remini argued that destroying the Bank without replacing it harmed the U.S. economy, he also contends that the political implications of the struggle had more far-reaching consequences. Remini shows how the power of the presidency vastly increased during Jackson's two terms, and it has been powerful ever since. This expansion of power came mostly because of the results of the Bank struggle.

Remini argues that the Bank struggle was directly responsible for enhanced executive power. This included

presidents using their veto power to reject legislation on political, rather than constitutional, grounds. In addition, because Jackson fired Treasury secretaries who refused to withdraw federal deposits from the Bank, this enhanced the president's power to remove executive officials at will.

Above all else, this book describes a president who was unafraid to challenge both Congress and the Supreme Court over what is authorized in the Constitution. By challenging Congress, Jackson checked its power to pass legislation. By challenging the Supreme Court, Jackson checked its power to be sole arbiter of the law. Such challenges rarely happen in U.S. government today, and as a consequence liberty is often compromised.

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THE STIMULUS WAS A FAILURE

--2/20/2010

Despite President Obama's claims that the stimulus plan brought the economy from the brink of collapse, analysis from a free market perspective shows that the plan was a predictable failure.

February 17 marked the first anniversary of President Obama signing the so-called "stimulus" plan into law. The stimulus allocated \$787 billion (now adjusted to \$862 billion), ostensibly to create jobs and battle the recession. At the time, Obama argued that this was needed to keep the unemployment rate below eight percent. A year later, the unemployment rate is stagnating at just under 10 percent.

The billions of dollars that were spent not only put our country deeper into debt, but it actually made unemployment worse. Why? Because government cannot generate wealth. Only increased production can do that. Money spent by the government is money that must first be taken from the private sector in the form of borrowing, taxing, or printing. And money taken from the private sector leaves business with less money to increase production and create jobs.

In addition, studies have shown that the stimulus was not intended to be such a "stimulus" to the economy after all. Instead the trends show that most money went to districts and regions favoring Democrats, apparently as a "thank you" for the 2008 elections. Many of these areas were not necessarily hurting for jobs but were awarded money anyway.

It is also worth noting that only about one-third of the stimulus money has been allocated. If the people supporting this plan truly believed that it was so important at the time, wouldn't they have wanted as much money allocated as fast as possible to supposedly save jobs? Instead, two-thirds of the money is still held up. But rather than using it to pay down the debt, it will most likely be funneled to Democratic

candidates in this year's upcoming mid-term elections. That is another unintended consequence of government involving itself in the private sector—funds are almost always spent based on political, not practical, reasons.

In a speech celebrating the anniversary of the stimulus, Obama touted that it included tax cuts for 95 percent of families. However what he didn't say was that this monstrosity will cost each American family roughly \$6,300. Smothering this country in debt trumps any miniscule (and temporary) tax cut that the stimulus offered. The cost of this fiasco will be passed onto citizens in the form of inflation and high interest rates brought about by insurmountable and unsustainable national debt.

As for the jobs the stimulus supposedly created, there is no tangible way to estimate the amount of jobs created or saved. Obama's estimates are disingenuous because they imply that he has a measurement to determine this. But the simple fact is that in 2009, four million jobs were lost, not gained. More jobs have been lost than created since the stimulus was enacted.

The downward spiral continues, one year later, after the Obama administration has signed off on more government spending in a one-year stretch than in George Bush's previous eight years combined. This will not only fail to stimulate the economy, but it will ultimately cripple the private sector, create a permanent class dependent solely on government charity, and bankrupt the country.

The founders understood that only the people, when granted the freedom to act without government interference, can pull this country through hard times, not some idealistic politicians. The stimulus only proves how ill-advised and ill-informed spending can damage this country. We can only hope that we will recover in spite, and not because, of this plan.