

337.3
W 48+

Lincoln Room

THE TARIFF.

SPEECH

OF

HON. JOHN WENTWORTH,

OF ILLINOIS,

IN THE HOUSE OF REPRESENTATIVES,

FEBRUARY 26, 1867.

WASHINGTON:
PRINTED AT THE CONGRESSIONAL GLOBE OFFICE.
1867.

THE STATE

OF

NEW YORK

IN SENATE

JANUARY 18, 1884

REPORT

OF THE

COMMISSIONERS OF THE LAND OFFICE

THE TARIFF.

The House having resolved itself into the Committee of the Whole on the state of the Union—

Mr. WENTWORTH said: I and some of my colleagues on the Committee of Ways and Means have prepared some remarks with reference to this bill, but we cannot well make speeches ourselves and then ask the House to deny the privilege to others. And there is no time for discussion except under the five-minutes' rule; and when discussion is thus limited it is generally the case that members write out their remarks so as to include what they would have said in a single speech, and therefore I ask that members be allowed to publish their views in a single speech. [Leave was granted.]

Mr. Chairman, it is time the Government had a reliable financial policy. We ought to be able to make approximate calculations of our annual expenditures and our means of meeting them; we ought to be able to determine what amount of money we should raise from imposts and what from excises; we ought to determine what amount of our public debt we should liquidate annually; we ought to consolidate our indebtedness, now embracing near forty different forms of securities, and simplify our legislation touching it, now scattered through near thirty different laws. All admit this; but they raise the question, where shall we begin? I would begin with a fixed determination to add not another dollar to the already authorized public indebtedness. This would settle the amount of the public debt and the annual interest. I would return to specie payments as rapidly as the interests of the Government would permit, and then reduce all salaries and other expenses which have been increased in consequence of the currency expansion to what they were before the war. Having placed the ordinary expenses of the Government upon an economical basis and upon approximate stability, I would adjust our impost duties so as to meet them. Our system of excise duties is

very unpopular, and should not be resorted to except to liquidate the expenses of the war. From the foundation of the Government the tariff, with its miscellaneous resources, embracing the proceeds of the sales of the public lands, has been relied upon to defray all the expenses in times of peace. Such should be the case now. Indeed, the most of the debts of our three foreign wars have been paid in the same way. Only during seven years prior to the rebellion had we raised over one hundred thousand dollars per annum by a direct tax, and only during four of these did it exceed one million. Only \$12,700,000 had we raised in all in this way. The last general tariff bill, that known as the Morrill bill, was passed during the last session of President Buchanan's administration. The slight alterations of the tariff since that time may all be classed under the head of "war expedients." The changed condition of our country requires an entire revision of our tariff laws.

And those who were originally satisfied with the Morrill bill, so called, manifest great confidence in the ability of the same man to supervise the preparation of a substitute for it. The bill that passed the House at the last session was a great improvement upon the present tariff law. Yet it was not in all things as I would have had it. I voted against it with reluctance, after looking carefully at all its provisions, hoping that it might be reconsidered in the House or modified in the Senate. But, looking at the inadequacy of the present law, I regret that it did not pass, because we had no other pending, and because by this time all might have seen its practical workings and could have remedied any of its defects; and hereafter my vote will depend more upon my preference for any pending bill over the existing law than upon my opinion of its abstract merits. The duties of the pending bill are said to be very high; but we must remem-

ber that the duties under the present inadequate laws average forty-eight and fifty-eight hundredths per cent. upon all dutiable imports, and forty-three and nineteen hundredths per cent. upon our total imports. At the time the Morrill tariff bill, so called, was passed, much was said against it. Yet, from that day to this, its opponents have never offered a general substitute for it. The war being over, the condition of the country being changed, Mr. MORRILL, as chairman of the Committee of Ways and Means; assists in preparing another bill as a substitute for his own bill (so called) of 1861. His last bill is opposed by the same interest, and in many instances by the identical men and newspapers, that opposed his bill of 1861, and have ever since opposed it. What would these men and newspapers have? Where is their bill? Have they not a single friend on this floor to introduce it? I am committed to a tariff that will produce revenue enough to defray all the ordinary expenses of the Government. I want no internal revenue taxation except to pay our war debt, and I want to pay that debt as soon as practicable in order to get rid of that odious and oppressive taxation. I can disinterestedly examine the provisions of any tariff bill that will produce the requisite revenue. There is but one bill pending. Those opposing this bill dare not trust themselves to propose a substitute. We must enact the pending bill, drawn to meet present exigencies, or fall back upon the inadequate law of 1861 with its temporary amendments, which law has always been denounced, be it remembered, by the same interest that denounces the pending bill. The present laws being inadequate to the present condition of the country, I am for revising them. There is, I regret to say, but one pending substitute for them. I am narrowed down to a choice between MORRILL of 1861, before the war, and MORRILL of 1867, after the war; for he who opposes the pending bill must either defend the existing laws as adequate to present Government necessities, or propose a substitute, which no one has yet done. As a means of revenue it is pronounced greatly superior to the existing law; and if in the end its revenues do not prove adequate, we must revise it so that they will. It is possible that this House may so amend this bill as to improve it both for revenue and protection. But if it does not suit everybody, the course of Senator Wright, of New York, in 1842 furnishes a good example. He was decidedly opposed to the bill, and so were all his political friends. Yet he deemed the existing law entirely inadequate. His vote could pass or defeat the bill. And I commend his remarks, taken from the Globe of that day, upon giving his vote for it, to the members of this House:

"After the most mature and anxious reflection he had come to the conclusion that it was his duty to vote for this measure, because he assumed that this bill must pass in the form it now bears or that no revenue law can pass at the present session. If he was correct

in this assumption, then he could not avoid the conclusion he had announced; and he did not suppose there was a single member of either House of Congress who supposed for a moment that if this bill be rejected upon this vote, any further attempt is to be made at this session to pass a revenue bill. The alternative presented, then, is this bill or none; and the deep and deliberate conviction of his mind was that this bill should pass, bad and loaded with defects as he believed it to be, rather than that none should pass."

Having determined to raise through the tariff and miscellaneous resources of the Government revenue enough to defray its ordinary expenses, there certainly can be no difference of opinion as to the manner of raising it upon articles that have no competition in this country. We must tax heavily luxuries, and lightly necessities. It is only upon articles competing with our domestic products upon which much difference can arise in apportioning our tariff duties. Now, it must be kept in mind that the contest is between the pending bill and a law enacted before the war, when we had no war taxes. Assuming that the discrimination between foreign and domestic labor was right in 1861, is it not right that that discrimination should now be increased by the amount of the war tax? If I live upon the Canadian frontier I cannot pay my war taxes and compete upon equal terms in the markets of the United States with a farmer who lives across the line and therefore pays no war taxes. The pending bill makes the foreigner dealing in the United States markets pay the war taxes of the citizen whose products he crowds out. You may call this home protection if you please, but it is really nothing more nor less than equalizing taxation upon all men sending their products to the United States markets. It is simply telling men residing abroad who manufacture for the United States markets that their goods cannot escape taxation by their own non-residence. Under the reciprocity treaty, for instance, the Canadians had all the advantages of our markets and escaped all our taxation. This held out inducements to our farmers to move across the line. Looking at the imports of last year our farmers will see that animals to the amount of \$1,600,000 were imported. The owners of them may have been rebels, or rebel sympathizers, or fugitives from the draft. Yet they had our markets on more favorable terms than our own citizens, burdened with the war tax.

Much prejudice existed before the war with agriculturists, and with none more than myself, against the whole policy of discriminating in favor of resident manufacturers, because while all duties fall very disproportionately upon themselves they never realize any of that incidental protection which manufacturers labor to secure in every tariff bill. But agriculturists have no one so much as themselves to blame for this, since they were so zealous in opposition to all the discriminating tariff bills that they took no trouble to see that their

own interests were as well protected as those of others in those that did pass. Thus, while the ever vigilant manufacturer did his best to keep foreign fabrics from our market, it was the wool-grower's fault that the manufacturer was allowed the whole world in which to purchase his wool. The manufacturer raised the cry that Americans must patronize American manufacturers; but it had never occurred to the wool-grower then to raise the cry that American manufacturers should only manufacture from American wool. It was the business of wool-manufacturers to take care that they had no foreign competition, while the wool-growers were writing, talking, and dreaming of the glories of free trade at the same time that they were paying highly-protective prices for their cloths and losing money from the competition of foreign wools. So the men who raised flaxseed were, in their indifference, encouraging free ports to the seed, while the manufacturers of the oil from the seed were closing our ports to the foreign oil.

The alternative of free trade is direct taxation; but it took the late war to make the agriculturists really feel the alternative. Our internal revenue system has learned them that free trade is one thing to the ear and another to the pocket. They now understand that the easiest way of raising a revenue is through the tariff; and they are organizing to take the same advantage of its incidents that the manufacturers have always done. The woolen manufacturers have an organization, every member of which pays twenty-five dollars for initiation and heavy contributions from time to time besides. They also pay an agent about five thousand dollars per annum to watch the legislation of the country and to gather up statistics to influence it. The wool-growers of Illinois, numbering thousands, have less than one hundred in their organization, and each member pays but one dollar. I presume they have been, perhaps are now, equally indifferent to organization in other States. To show the untiring vigilance of the manufacturing interest, it will be remembered that after this House had passed the general tariff bill, with both wool and woollens exactly as the manufacturers consented to have them, and after the bill had been postponed by the aid of Senators from manufacturing districts, this House, in sympathy with the wool-growers, passed a bill for the protection of wool alone. This bill the manufacturing interest in the Senate prevented from passing. This House, in despair of any tariff bill getting through the Senate, finally passed one giving American products the advantages of what is known as a home valuation. Here the wool manufacturer turned up again and took advantage of the greater proportion of Senators from manufacturing States to deprive the growers of the coarse wools of even this small advantage, as the third proviso of the ninth section of the act of last session will prove. The Senate amended the bill, and the manufacturers thus

surrendered the coarse wool-growers in fear of losing it. This bill makes that matter all right, however. By making a discrimination in the classes of wool, manufacturers have a great advantage through the ignorance and venality of custom-house inspectors. For it is a general rule that where there are different duties upon different qualities of the same article the lowest duty is the one that is invariably collected. Thus, out of the \$10,000,000 of wool importations last year \$3,500,000 were valued at twelve cents or less; and over five and one half millions at twenty-four cents or less; while only \$153,000 were valued at over twenty-four cents. I do not believe in the honesty of such a valuation. Farmers should imitate the persistent energy of the manufacturers, and allow but one duty upon all classes of wool. A uniform duty would not only break up the fraud at the custom-house, but is just in itself; for the very coarsest of carpet-wools abound in the regions of New Mexico, and need only the encouragement given to finer wools to come into general use. If we are to discriminate at all in our tariff, it should be to encourage infant and struggling industries and to develop dormant resources. It is agreed on all sides that this country raises only about half the wool used in it, and yet in New Mexico it is hardly worth saving, so great is the foreign competition. It is untrue that there is any kind of wool used in the United States that cannot, if properly protected, be profitably grown therein.

I have alluded to this matter of wool more particularly because the opponents of all discriminating tariffs argue that they invariably protect the manufacturer at the expense of the farmer. I want to satisfy the farmer that it has been his own fault that such has been the case. Instead of opposing all tariffs, he should help make them. The manufacturers are wealthier, more compact, and better organized, and employ the very shrewdest of lobby agents, who can in the social circle raise the most effective cry of distress, and in committee dictate a specific duty or an *ad valorem*, a classification, a proviso, an inclusion or exclusion of cost and charges, &c., as may best suit the interests of their employers. And this is the reason that in framing our tariffs the manufacturers have so often gained an undue advantage over the farmers. But the farmers are the most numerous and can always take care of themselves when they resolve upon it. Their hope is in educating themselves in the technical language of tariff laws, and in the efforts of their representatives to see that no one is protected at their expense. I repudiate the whole theory of protecting manufactures by furnishing cheaply the raw material, unless we mean to cheapen it by taking off all the Government taxes from our farmers. If the American farmer is to be taxed upon his crops of all kind, then the tax should be added to the price at which he sells. Foreign farmers have no such tax to add to

their price, and consequently they can undersell the American farmer to the extent of the tax, and thereby furnish the raw material cheaper to the American manufacturer than the American citizen can. This policy, although adopted in some instances before the war without much complaint, because never seriously felt, can never be consented to so long as war taxes are levied. I believe in adjusting this tariff matter equitably between the manufacturing and agricultural interests upon the principle that the welfare of either is dependent upon the home market furnished by the other. A prosperous agriculture, furnishing a reliable home market, is a better encouragement to manufactures than cheap foreign raw material. And prosperous home manufactures are a better protection to agriculture than cheap foreign fabrics. Unless the protection is extended to agriculture, in the end it will have to be abandoned, and our tariff laws be made to consist of a single section, fixing but one rate of duty.

If we open a debt and credit system between our ordinary expenditures and our receipts from the tariff, the much-needed stability in our tariff laws will require us to scan well all our appropriations in order to render uniform our expenditures through a series of years; and when this uniformity is once attained we shall have nothing to quarrel about except the amount of discrimination inside the revenue point to be apportioned upon domestic articles coming in competition with foreign. If we provide for ordinary expenses through duties upon imports we shall require excise duties only for our extraordinary expenses. I refer to those growing out of the war. Now, our interest requires \$133,000,000; and this sum for annual interest alone exceeds by \$6,000,000 the whole amount of our public debt in 1816, when it was greater than at any time before the rebellion. It also exceeds by \$48,000,000 the whole amount of the revenue raised in the highest year before the rebellion. To such an enormous amount, reduced only as we reduce our debt, is the industry of the country to be annually taxed for interest alone. But no one proposes to limit our annual payments to interest. Every one urges that we must pay something annually to the liquidation of our public debt; and no one has suggested less than \$50,000,000. Even this slow process of liquidating our public debt would require an annual taxation of \$183,000,000 even if the ordinary expenses were paid, as before suggested. I prefer an earlier liquidation of the public debt; but I do not see where the money is to come from. For the fiscal year ending the 30th of June last we raised \$309,000,000 from excises alone. But there was great complaint of excessive taxation from all quarters. Petitions and delegations came for relief with the opening of Congress; and the Committee of Ways and Means were busy, not only mornings and evenings, but during the sessions of the

House, as our absence when the ayes and noes were called will show, for six months in trying to make every reduction compatible with the necessities of the Government. But great as those reductions were they failed to satisfy the public, and we have had to travel the ground all over again at this session. The committee have had to listen to even louder complaints from unsuccessful industries than at the last session. While our people were very patient under all the burdens of the war, it is useless to try to disguise the fact that they are becoming very restive under their present excessive taxation.

Besides the reductions under new legislation, the fall in prices, decrease of business, and lessening of incomes since the war, will greatly reduce the internal revenue receipts. And our people will not consent in peace to an increase of a war tax that has once been lessened nor to its reenactment after it has once been repealed. The revised estimates of the Secretary of the Treasury give us but \$240,000,000, where we got \$309,000,000 last year. I have examined the official returns for seven months ending 1st February, and we get \$184,000,000 against \$200,000,000 last year; and the incomes are nearly all included, and embrace \$47,700,000 of this sum. They were estimated at \$50,500,000. And the people are still crying for reduction; and the difficulty consists not only in determining the amount of reduction, but also the articles upon which the reduction shall take place. We have had more speeches in the rooms of the Committee of Ways and Means than there have been made in this House; we have had earlier and later sessions; and we have labored under the disadvantage of having no hour rule and no previous question. And while this immense lobby have been urgent to take off taxation from their particular interest, not one of them, although frequently asked, has been able to name any articles upon which he could make good the amount of revenue from which they wished us to relieve them. Appearances indicate that the internal revenue will be nearer \$233,000,000 than \$240,000,000. This would pay our interest and leave \$100,000,000 to apply upon our debt. Calling that debt \$2,500,000,000, this would extinguish it in twenty-five years. If we reduce our internal revenue to \$183,000,000, we shall have but \$50,000,000 to apply upon our debt, and then it will take fifty years to extinguish it. Although I would prefer the shortest period, yet I would not be captious upon that point, as I do not regard the exact amount of so much importance as I do that a definite amount should be agreed upon. The Secretary of the Treasury says, in his last report, "With proper economy in all the Departments of the Government, the debt can be paid by the generation that created it." I believe this, and am for economy everywhere as the best means of

bringing it about. But whether the debt is to be paid in this generation or the next, I deem of minor importance compared with having a fixed financial policy. Let us agree upon the amount we shall raise annually, and then let us only discuss the means of raising it in a way that will be the least oppressive to the people. We cannot do this understandingly until the amount has been agreed upon. Let the tariff revenues support the Government. Let the internal revenue pay the public interest and a fixed amount upon the public debt. This being done, we are confined in our discussion to the same thing in both cases, namely: what articles can best bear taxation, and what can best be exempted from it. I think in time we can settle upon some twenty or thirty articles that will give us all the internal revenue we want; for if we do not add to our debt, but go on extinguishing a definite amount of our onerous debt yearly, the falling off of our interest will be perceptibly felt. When we get our whisky laws so framed that the tax cannot be evaded, we shall nearly double our revenue from that source. If the bill of the present session will not do the work, we must make one still stronger. A nation that suffered so much to enforce its laws against the rebels cannot afford to have them defied by distillers. In this way, if you increased your ordinary expenses you would have to revise the tariff; and if you increased your debt you would have to revise your internal revenue system. Thus would our present obscure financial system be brought to the comprehension of the great mass of the taxpayers, and they could the better bring to deserved accountability every one of their servants for their votes upon bills increasing public expenditures.

On one account I should prefer \$100,000,000 as the annual sinking fund to \$50,000,000, and even a greater sum if our people could endure it. From the commencement of the public debt I have had great fears from the consequences of the constitutional inability of our State and municipal authorities to tax United States bonds. I cannot say how large a portion of our bonds are held abroad. The Secretary of the Treasury, however, estimates the amount at \$350,000,000. I often hear complaints that this country is drained to so large an extent of its specie to pay its foreign interest. State and other bonds, however, to the amount of \$250,000,000 have also to be paid in specie abroad. Yet when I reflect how much can so justly be said against a privileged class at home, I regret that our bonds cannot to better advantage all be held abroad. Already do the real-estate holders begin to feel the effects of increased taxation in consequence of the withdrawal of so large an amount of personal property from taxation by its investment in United States bonds. There are men and corporations that have United States bonds rang-

ing all the way from one thousand to one million dollars, and perhaps more, who pay not one cent to the support of their State, county, or city government, whilst merchants, mechanics, operatives, and even decrepit soldiers are oppressively taxed for the same purpose. Productive property, more productive than the mass of real estate in the country, to the amount of over two billions thus escapes State and local taxation. During the war and since, taking advantage of times seemingly prosperous from the exuberance of our irredeemable currency, many of our States, counties, and cities have been extremely prodigal in their expenditures and have burdened their citizens with a taxation that is equaling that of the most oppressive of any portion of the Old World. Many of them now are paying no regard to the times, and are running in debt as recklessly as ever. People thus taxed see no just reason why their wealthier next-door neighbor should be exempted from taxation merely because he has converted his property into exempted United States bonds. For this creation of a privileged class in this country, neither our laws nor our courts furnish a remedy. And the people are already raising such a cry of indignation against it that I think nothing will appease them but the satisfaction that our debt is fast being extinguished. In view of this fact, I would favor the largest sum for annual payment that might be proposed if within reach of the ability of our people. But I should want it expressly understood that not another bond should be legalized. I would make the tariff pay for our entire Government expenses, and the internal revenues pay for our interest and sinking fund; and I would levy my imposts and excises in such a way as would best resuscitate the energies of the country and give all our industries a better home market.

This policy fairly discussed before the people would be almost unanimously approved. But from causes well known, it is difficult to turn the attention of the people in that direction except at that particular time when the tax-gatherer comes around; and then the advocates of an increased national debt, the profligates, the corruptionists, the claim agents, the lobbyists, the gamblers, the jobbers, the speculators, the advocates of high salaries, fees, and perquisites, the drones, &c., try to reconcile the tax-payer to his unnecessary oppression by recommending an expansion of the currency to the extent of his increased taxation.

So far as providing for the past is concerned, I can have no difficulty with any paper-money advocate; but I ask reliable guarantees for the future. Any way through our present volume of paper money to relieve our people from the burdens of their annual interest and their sinking fund would be gratifying to me. But

I want a guarantee in advance from such men that not only shall our expenditures and our public debt not be increased, but that every laudable effort shall be made to decrease them. I want to get this subject before our people before they become as much oppressed by taxation as the negro ever was by servitude. And when I see some of my political friends so reckless in voting away public money, and thereby binding burdens grievous to be borne upon the backs of our tax-payers, I wonder if they can be honest in their pretensions concerning our colored brethren, and then I work the harder for the colored man's deliverance, so as to hasten the day when his wrongs shall not stand in the way of retributive justice to the promoters of governmental extravagance and corruption.

There are those who wish to arrest the profligate system of both public and private expenditures that has been engendered by the war; there are those opposed to a further increase of our public debt; there are those who favor the abolition of the whole system of excise duties at the earliest possible day, and who wish to pay the expenses of the Government through the tariff as in former times. With all such I wish to act; but some of them in voting for an expansion of the currency I fear are contributing to the defeat of these very objects. I never knew of any measure of retrenchment or reform to originate under the auspices of a redundant currency. In the world's history an irredeemable currency has left but one trail. Wherever the country, whatever the age, whoever the historian, the chapter is the same. It has warred alike upon labor and capital. It is alike the enemy of the poor and the rich; but it is the sport of the speculator and the desperado. The man with a falling stock on hand unpaid for, the man who has everything to gain and nothing to lose, is as much at home under a suspension of specie payments as a blackleg in a gambling-house. Suspension is sometimes unavoidable; but it is a disease that requires every one to take preventive medicine as soon as it gets into the neighborhood. The great Webster, who was never even suspected of hostility to a sound paper currency, once declared that—

“Of all contrivances for cheating the laboring classes of mankind, none has been found more effectual than that which deludes them with an irredeemable paper currency.”

If history and early parliamentary and congressional debates had taught me nothing, my own experience in what was once the frontier would have learned me a never-to-be-forgotten lesson. I arrived at the West when President Jackson's celebrated specie circular of the 11th of July, 1836, had just begun to be effective. A redundant circulation had seduced men into the wildest of land speculation, the inevitable consequences of which the keen foresight of

Old Hickory penetrated. He pricked the bubble ere indefinite expansion had exploded it to indescribable ruin in wider fields. That circular recited that one of its objects was to discourage the ruinous extension of bank issues and bank credits. Those who denounced this act the loudest were afterward compelled to admit that its only fault was that it did not come soon enough; and one of the loudest of the loud, when taking the bankrupt act for \$250,000, being asked what he thought would have been his situation if no such circular had been issued, replied that he thought he might have failed for double the amount. From that day to this every scheme that human ingenuity could devise has been resorted to for the purpose of discovering a reliable standard of values from paper money. Stocks of all kinds, and bonds of cities, counties, and States, have been tried in vain. Even the solid earth, underlined with granite ledges, has expanded with irredeemable paper stretched over it. If the evil effects of paper money expansions would only reach their originators and advocates I would say let retributive justice take its course. But such men invariably come out the wealthier, while those the least responsible for and the least able to bear the losses are the sufferers. Stability in prices is the most reliable guarantee of the fullest development of capital and labor; and this can never be had when the dollar, our adopted measure of all values, varies from day to day. See how it has varied in comparison with paper since the war begun. It was 103 January 15, 1862; it was 285 July 11, 1864, its highest point; it was 124 $\frac{7}{8}$ March 24, 1866, its lowest point. During the past year it has ranged from 124 $\frac{7}{8}$ March 24, to 167 $\frac{3}{4}$ June 18.* Who could safely give or take a contract for labor or material under such a fluctuation.

These remarks upon irredeemable paper I

* I have compiled the following statement showing the price of gold on the 1st and 15th of each month during the year 1866:

January	2.....	144 $\frac{1}{4}$	@	144 $\frac{5}{8}$
	15.....	139 $\frac{3}{8}$	@	139 $\frac{3}{4}$
February	1.....	139 $\frac{1}{2}$	@	140 $\frac{3}{8}$
	15.....	137 $\frac{1}{2}$	@	137 $\frac{7}{8}$
March	1.....	135 $\frac{3}{8}$	@	136 $\frac{1}{2}$
	15.....	130 $\frac{3}{4}$	@	131 $\frac{3}{8}$
April	2.....	127 $\frac{1}{2}$	@	128 $\frac{1}{2}$
	16.....	125 $\frac{3}{8}$	@	126
May	1.....	125 $\frac{1}{8}$	@	127
	15.....	129 $\frac{1}{2}$	@	130 $\frac{1}{2}$
June	1.....	140 $\frac{1}{2}$	@	141
	15.....	147 $\frac{1}{2}$	@	149 $\frac{1}{8}$
July	2.....	153 $\frac{3}{8}$	@	155 $\frac{3}{4}$
	16.....	148 $\frac{3}{8}$	@	149 $\frac{3}{4}$
August	1.....	148 $\frac{1}{2}$	@	149
	15.....	150 $\frac{1}{4}$	@	152
September	1.....	145 $\frac{1}{2}$	@	147 $\frac{1}{8}$
	15.....	144 $\frac{1}{2}$	@	144 $\frac{7}{8}$
October	1.....	145 $\frac{3}{8}$	@	146 $\frac{7}{8}$
	15.....	150 $\frac{3}{8}$	@	153 $\frac{3}{8}$
November	1.....	146 $\frac{1}{2}$	@	147 $\frac{3}{4}$
	15.....	143 $\frac{1}{2}$	@	145 $\frac{1}{8}$
December	1.....	140 $\frac{3}{8}$	@	141 $\frac{3}{8}$
	15.....	137 $\frac{3}{8}$	@	137 $\frac{7}{8}$

have deemed it necessary to make as a part of my argument to show that we can never hope to reduce our expenditures and our debt, and consequently our oppressive taxes, by increasing the volume of irredeemable paper. There are some who do not wish to reduce them. Besides men who have large stocks on hand, bought under inflated war prices, there are those who have schemes upon the public Treasury, National, State, and corporate. They have schemes against the tax-payers, and they want to hide them under the redundancy of the currency. Such are all true to their cause in advocating expansion; for we need only look back to the commencement of our speculative prices to learn their cause; as the very first year of our bank suspension the circulation in the loyal States jumped from one hundred and forty-four to two hundred millions. I need not go out of this very Congress to illustrate my position that expansion of the currency means an increase of Government expenditures and indebtedness, and consequently of our present taxation. I mean no personal reflection, and I acknowledge there are exceptions to all rules. But I make the assertion that if you would select those who have invariably voted for an increase of salaries and other expenditures, and who advocate schemes now pending that will involve an enormous increase of our public debt, you will find them mostly among those known as expansionists. And further, I say if you would select those who have opposed all increase of salaries and other expenditures, and oppose schemes now pending that will involve an enormous increase of our public debt, you will find them mostly among those known as contractionists. And farther yet, I venture the assertion that you will find the same to be the case in all legislative bodies. There are schemes enough upon our Treasury being advocated to more than double our public debt, and consequently our taxation, not one of which can succeed if it is understood that we are not only not to expand our currency, but are to go on with our gradual contraction.

Under our present contraction system the indorsement of Mexican war bonds must fail. The bill now pending provides for the indorsement of \$50,000,000. This, of course, means but one installment, which would be very seriously broken in upon by claims of the lobby. But little of it would ever see Mexico.

The enlargement of the jurisdiction of the Court of Claims must also fail. Claims to the amount of hundreds of millions are now awaiting the conferring of a sort of equity jurisdiction upon that body. Reckless men will swear to their justice and no attorney for the Government, nor hundreds of attorneys, will be sufficient to hunt up the adverse testimony. In my own city of Chicago I learn there are many persons interested in the "ring" to extend the jurisdiction of the court to certain claims of a

very large amount which they have bought and are now buying for merely nominal sums. I hear of such transactions all over the country. As Congress will never directly pay such claims the only hope of this formidable "ring" of corruptionists is to get their pay indirectly through the courts.

So must also fail the many schemes for additional appropriations for Pacific railroads. We have already granted land for the construction of a large number of Pacific railroads; but we have loaned our bonds and pay semi-annual interest only to the central route, with its four branches. We are thus aiding to build a road over a distance of two thousand three hundred and fifty-eight miles, at an expense of \$60,670,000. I know that it is said that this money is to be refunded, but it will be remembered that after this financial aid was extended, a law was passed authorizing the issue of first-mortgage bonds equal in amount to that authorized to be issued by the Government to the companies building said road and branches, and the same law provided that "the lien of the United States bonds shall be subordinate to that of the bonds of any or either of said companies." It is generally understood that the most of the stockholders are the contractors, and that they also are and will be the largest bondholders. When the road is completed, or nearly so, a default in the payment of the interest of the first-mortgage bonds may arise; and if so, the road will, in all probability, be sold, and the lien of the Government be cut off, and the original companies will own the entire road and branches, built almost entirely with Government bonds. But there are those who will say that we must have a railroad to the Pacific, and that no price is too high to pay for it. I do not propose at this time to combat that idea. But I contend that one Pacific railroad is enough in our present Government financial embarrassments. There are several companies to whom Government has granted land, and all interested in them are now combining to get money, and they rely upon an expanded currency to add over three hundred million dollars to our national debt.

But it is needless to enumerate the many schemes tending to greatly increase our public debt, which can only be frustrated by bringing the people to a realizing sense of their actual situation through legislation looking to a return to specie payments. They have but to feel the magnitude of their present burdens to be protected against their increase.

While I believe that the main object of the mass of expansionists is the increase of governmental expenses, the disposal of stocks on hand and speculation in general, I must notice one of the plausible pretexts for their course with reference to expansion. They complain that the amount of bank circulation is not sufficient for the business necessities of the coun-

ry. Before the war the largest amount of bank circulation was in 1857. It then reached \$214,000,000. Now, when our business relations are interrupted with at least one quarter of the Union, we have \$300,000,000 of bank issues. But this amount may be too small or it may be too large. There is but one general rule to apply in such cases and that may be said to be inappropriate at this time; and that rule is, where one has more paper out than he can redeem, he should contract rather than expand. If our banks were paying specie and could continue to pay upon a larger volume of circulation without disturbing the stability of prices, no great evil could result from an increase. It is the redemption point that should limit our currency issues; and where there is no redemption you might as well undertake to limit the speculative propensities of "poor fallen man" as the amount of the currency inside universal bankruptcy.

When the Government fixed the amount of bank circulation at \$300,000,000 the understanding was that there should be no other paper money; and there was a sort of moral understanding that if more currency was ever required it should be supplied by additional currency given to institutions in States that now have less than their share; for the amount was disproportionate in consequence of the Government's obligation to supply the banks then existing under State authority with national currency if they would take in their own circulation. Nothing was better understood than that there should be but one kind of paper currency, and that should be the currency of the banks. The Government had then outstanding a heterogeneous mass of indebtedness, some of which bore interest and some of which did not. This was used as a circulating medium, and when added to the bank circulation made near nine hundred million dollars, or three times the amount fixed upon as the amount necessary for the business wants of the country. The people were to look to the banks and not to the Government for circulation. The idea of a mixed circulation, part bank and part Government, was never dreamed of. This would not only be unfair, but unprofitable. It would be unfair, because some States have not got their share of circulation, which Government could not excuse itself for withholding if it intended to supply any of the circulation itself. It would be unprofitable, because if Government could rightfully supply any portion of the circulation it could as well supply it all, and thereby save \$18,000,000 in gold interest which it pays to the banks for their bonds which secures their \$300,000,000 of circulation. The editor of *Littell's Living Age* conclusively proves that our annual interest saved by substituting greenbacks for the bills of our banks, when reinvested and compounded, would pay our entire national debt in forty years. The people are already

asking if that is not the best way in which to pay it. It would certainly be for the interest of the Government to get rid of the banks altogether, and cancel the gold interest-bearing bonds that they own with non-interest-bearing legal tenders. But the good faith of the Government is involved, and repudiation is a crime. The arrangement with the national banks was at one time a matter of vital importance to the Government, and should not be repudiated as long as they maintain their faith with the Government. They now have on deposit in the Treasury as security for circulation \$340,000,000 and as security for deposits \$39,000,000. I have not the amount of bonds owned by the banks at the close of the war, but it was somewhat less, of course.

It was of great advantage for the Government to thus find a market for its bonds and also to get rid of the State circulation. It was a great benefit to the people to get not only a uniform circulation, and that one secured against any possibility of loss. But three banks have failed to this date, and these failed from a willful violation of the law. There is money in the United States Treasury to redeem every one of their bills, and the most of them are yet in as good circulation as those of solvent banks. I am for but one kind of currency, and good faith requires that it should all be given to the banks; and when we return to specie, so that we can get a measure of our currency necessities, and we find that more circulation is needed, equal good faith requires that we should favor those States that have not their proportionate share, and this will popularize the system.

But it is contended that the banks have violated their faith, and that therefore the Government is under no obligation to support them in consequence of their universally acknowledged past services. I have not examined the subject sufficiently to make up my mind; but the charge looks unreasonable, from the fact that their officers are generally very shrewd men. And such men must know that when the Government can save \$18,000,000 in gold per annum by substituting greenbacks which bear no interest, and also create a sinking fund by reinvesting the interest saved, there are men enough to find a pretext for a quarrel between them and the Government. There is no instance in which the politicians of any party have organized against any banking system that it has not been overthrown. Sometimes the contest has been a prolonged one, but it has always been expensive and eventually disastrous to the banks. Not only are newspapers and candidates for office declaring against the present system, but a bill has been introduced into this House against it, and has a support so formidable that a very large number of bankers have visited Congress to resist its passage; and it is asserted in the public prints that bankers are now oppos-

ing the very legislation they themselves once asked for, in fear of adverse instead of favorable legislation—in fear that the bill of Mr. RANDALL will be substituted for that of Mr. HOOPER.

It is charged against the bankers that they are trying to control the legislation of the country and hold conventions for that purpose; that they are opposing in every possible way the return of the Government to a specie basis; that they owe for their capital in many cases, and therefore are obliged to accommodate themselves in their loans instead of business men who would establish banks of their own, were they not prevented by the limitations of the banking law; that they use their influence to elect their officers and retainers to Congress in order to manipulate its legislation; that they compel the Government to pay them its dues in specie, while they sell their coin at a premium and pay their dues to the Government in depreciated paper, &c. In substantiation of the last charge I am pointed to the last bank report sent to the House, in which they are reported as having but \$8,000,000 of specie on hand. This would be eight dollars in specie for every three hundred in paper, or three and three quarters per cent., while Government pays them six per cent. in specie every year. The returns for the 7th of January last show \$16,600,000 in specie. This merely adds, however, the January three per cent. interest from the Government, which perhaps they have sold by this time. If you tell these opponents of the banking system that the banks always have a sufficient supply of legal tenders, which under the governmental policy will soon be equal to specie, they have a ready answer. It is this: there are near four hundred million of greenbacks. Government is prevented from withdrawing but \$4,000,000 per month, and there is no knowing that its necessities will allow it to do this, and hence it will be impossible under any circumstances to get rid of them so as to bring the banks to the payment of specie in this way in less than seven years. And then they say that every banker in Congress and every man in the bank interest wants to repeal the four million clause and thereby make Government keep out \$400,000,000 to redeem their \$300,000,000 with. My attention has been called to the fact that such is not the case with the New England bankers. I think the records will prove it true of most of the others.

I have said this much concerning the expansion of the currency out of deference to some who profess to favor a reduction of expenditures, and yet do not appreciate the fatality of an expansion of the currency to their object. I have shown that the volume of the currency was fixed at \$300,000,000, and that the privilege of issuing it was given to the banks, now numbering sixteen hundred and

sixty-six. I have shown that when this privilege was given to the banks to issue this currency it was with the understanding that all the floating indebtedness of the Government, which competed with the bank currency, should be removed at the convenience of the Government, and that the financial officer of the Government, the man responsible for its credit, should be the judge of such convenience, and that the national banks should labor to aid such officer. They are paid well to do this. They get all their exclusive privileges in consequence of the understanding that they will do this. For this they are allowed the exclusive right to duplicate their bonds. Government pays them six per cent. interest in gold on their original bonds, and then they are allowed to make what they can besides upon their duplicates, enabling them to declare dividends ranging from ten to twenty per cent. Of what use can these banks be to Government if it is compelled to furnish them more than greenbacks enough to redeem their bills with, and thereby make the volume of the currency \$700,000,000 instead of \$300,000,000, as fixed by law? It is but a pretext to cover up an unwarrantable expansion, and thereby encourage individual speculation and governmental profligacy.

But there are those who pretend to be opposed to an increase of our national debt and expenditures, who express fears that we may be precipitated into specie payments so soon that we may not be able to maintain them. But we do not propose to resume specie payments until we have so shaped our legislation that we can maintain them; and it is on shaping that legislation that the battle is to be fought. It will be very difficult to resume specie payments under the present tariff; and this is the opinion of the mass of expansionists, nearly all of whom are opposing its modification. Look at the Canadian and other foreign papers; look at our own that oppose a contraction of the currency, and you see articles often in the same column opposing contraction even at the moderate rate of \$4,000,000 per month, and also opposing a change in the tariff. I know of no paper at the West that opposes the adoption of a tariff that will produce a greater revenue than the present one that does not favor an expansion of the currency. Look upon the other side! Take the New York Tribune for instance, a paper noted for its ultraism in favor of a revenue tariff that will discriminate in favor of American industry, and there you see a change in the tariff and a contraction of the currency advocated in the same column. When papers devoted to opposite views upon the tariff advocate opposite views in relation to the currency is there no meaning in it? Where is there a man better known as a high tariff man than the chairman of the Committee of Ways and Means, [Mr. MORRILL,]

and would he have made the speech in favor of contraction he did a few days ago unless he believed that a return to specie payments would favor American industry? The same question might be asked concerning Mr. Greeley, of the New York Tribune. The bearing of a change in the tariff upon specie payments seems to be correctly understood by both sides. No legislation can force banks to pay specie when it commands much more than five per cent. premium. Specie has become a commodity and is regulated by the great law of supply and demand. It is scarce in this country because of the necessity of sending it abroad. The Secretary of the Treasury estimates our indebtedness to England as follows:

United States bonds.....	\$350,000,000
State and municipal bonds.....	150,000,000
Railroad and other bonds.....	100,000,000
	<u>\$600,000,000</u>

Thus we send out of the country \$18,000,000 every six months in specie to pay for interest alone.

Our imports, for the year ending June 30, 1866, were by specie valuation \$445,512,158. To this amount experts in such matters say we should add about one fifth or twenty per cent. for smuggling, frauds, and undervaluations, increasing the amount to say \$534,000,000. Our exports in currency were \$565,426 39. Deducting at least one third for specie, and we have about \$377,000,000, leaving about \$157,000,000 of balance of trade against us, besides the interest before alluded to. Take six months of the present fiscal year. Our imports are \$191,416,181. Add for smuggling, frauds, and undervaluations one fifth, or twenty per cent., and we have about \$230,000,000. Our exports for the same time were (reduced to specie by Mr. Delmar) \$120,136,487, leaving a balance against us again of about \$110,000,000, besides the six months interest of \$9,000,000. This draft of specie is still further increased by the large amount expended by numerous Americans traveling abroad. In this matter of difference between reckoning the value of our imports and exports the expansionists again have a common interest with the opponents of American industry. Our exports being valued in paper, they always appear between thirty and forty per cent. greater than they really are, and thus irredeemable paper money repeats its history again by deluding the public with fictitious prosperity, oftentimes showing a balance of trade in favor of this country when it is largely against it. When specie is at five per cent. premium it is very difficult to pay specie, and when above ten per cent. it is absolutely impossible. Now, with such a foreign drain of specie to pay interest and trade balances, how can we ever hope to resume specie payments? The whole coinage at our Mint last year was but \$31,900,000.

Of what use to our national wealth are our inexhaustible mines if their products are exported from the country faster than we can dig them out? Only think what an enormous sum our gold fields have produced, and then answer the question, what has become of it? And yet men profess to fear that the Secretary of the Treasury, by paying off the floating debt of the country, may precipitate a crisis by bringing about a too sudden resumption of specie payments.

He has paid off \$50,000,000 of the temporary loan, which could never be rightfully considered a part of the circulating medium of the country. From July 1 to date he has taken up \$15,030,500 of compound-interest notes. These had too much interest due upon them to circulate. From April last to date, he has withdrawn only \$22,000,000 of greenbacks, (so called,) leaving \$378,000,000 still out to add to our \$300,000,000 of bank bills, making a circulation of \$678,000,000, against \$184,000,000 in 1862, or over three and a half times the amount then existing. And be it remembered that the largest amount of circulation ever known before the war was \$214,00,000. Besides, there are \$143,000,000 of compound-interest notes still out. Those who contend that the currency was contracted by the withdrawal of the \$15,030,500 of compound-interest notes before alluded to, must for the same reason admit that this \$143,000,000 constitutes a part of the currency. Add this to the circulation before mentioned and we have \$821,000,000 against \$184,000,000 in 1862, or against \$214,000,000 in 1857, when it was at its highest point ever known, and when there was a financial crash in consequence, as every one will remember; and against \$16,600,000 of specie in our banks in January last.

The withdrawal of the miscellaneous indebtedness of the Government may prevent speculation and the better prepare the people and the banks for a resumption, but it can never bring about permanent specie payments until a new tariff shall stop the demand for gold abroad. And I contend that under the existing tariff it is not for the Government's interest to resume immediately if it had the power; and yet it should make every effort to turn the attention of the people in that direction in order to discourage speculative prices, which are so much disturbing our laboring classes. The Commissioner of the Revenue tells us in his report that skilled laborers, induced to emigrate here for the purpose of bringing some of our mechanical industries to the high development that they are in the Old World, have returned because of the higher price of living being more than commensurate with our higher wages. And it is the general complaint of our American wages-classes that present prices keep them at a greater distance from their actual necessities than the prices before the war.

Besides a debt now past due of over fifteen millions, the Secretary of the Treasury has \$312,000,000 falling due this year, and so wants an easy market. Of this amount \$204,000,000 are in notes bearing seven and three tenths per cent. interest, and he has no means of paying them except in six per cent gold-bearing bonds at par; and he has over twice as many to pay next year. Now, a six per cent. bond in gold at twenty and one half per cent., is equivalent to \$7 30 in paper. At twenty-five per cent. six dollars in gold is equivalent to \$7 50 in paper. Until all the seven-thirty notes, exceeding six millions, are converted, it is not for the interest of the Government to have specie below twenty-five per cent. And in view of this fact, Congress wisely refuses to put any additional restrictions upon the Secretary of the Treasury, although speculators would like to have him so restrained that they could always know his policy in advance and thereby take advantage of it. I wish I could be sure that specie would be as low as 125 for the next two years. I have but little expectation of its going below that sum until all our seven-thirty notes are converted.

There is a class of men who have been made to believe by speculators that there is danger, that the Secretary of the Treasury may stand in his own light by a too sudden contraction of the currency. Over a year ago this matter was fully discussed. One party contended that the Government was the largest party in interest and should not be limited in its power over the currency. The speculators, with headquarters in Wall street, New York, contended for complete restriction. They would leave nothing to the discretion of the Secretary of the Treasury, as they wanted to get their Government into a corner. They have unsuccessfully tried to regulate his sales of gold this winter. A compromise was finally effected by which the Secretary was restricted in his contraction of the \$400,000,000 of greenbacks to \$4,000,000 per month. He was not obliged to thus contract; he could do it or not, exactly as he thought the interests of the Government required. He has not been able to do it latterly. From April last to the present day he has taken up \$22,000,000, which would never have been missed under ordinary circumstances. Had he quietly tied this sum up and laid it away, no one could have felt its effects upon the business transactions of the country. Oftentimes a much larger sum laid idle for a longer time and no notice was taken of the fact; it was never felt in the money market. And as an offset to this amount of contraction it should be remembered that the whole amount of the \$300,000,000 of bank circulation was not issued when the contraction commenced. Since 1st of July last \$17,000,000 in new bank notes have been issued, which, deducted from the \$22,000,000 of contraction,

leaves but \$5,000,000 of contraction after all. Then we are to take into account the fact that all through the East we find many bills of the old State and local banks still in circulation. By the February report of the Secretary of the Treasury it appears that he has \$45,000,000 in currency locked up in the Treasury. Now, supposing he keeps that sum there for six months, is it probable that legitimate business would be affected by it? It is Government money in the Government Treasury, where it ought to be. Yet unsuccessful speculators, wishing to hide the real cause of their failures, might say that if Government had not locked up its money they might have got some of it and so have been saved. Last fall the Merchant's Bank of the District of Columbia failed. It had Government funds on deposit to the amount of \$763,000, and how much will be realized from it is yet doubtful. The result showed that the bank had been speculating in them; and an examination showed that other banks had been doing, and were doing, the same. This caused more stringent regulations to be adopted. It caused Government money to be put where it belonged, in the Treasury of the Government. It caused a large surplus to be invested in the extinguishment of the public debt. This was the real cause of the temporary panic last fall. Bankers had loaned out the people's money. They had placed the proceeds of our cruel taxation in the hands of the middle-men, unprincipled speculators, who combine to get the crops of the producers at a low rate, and then combine again to sell them to the consumers at a high rate. Thus were the people's hard-earned taxes used to their own injury.

The Washington bank failure called the attention of the Government to what was going on. The mischief was stopped. Men who were robbing both consumers and producers by their extensive combination in some instances failed, because the bankers no longer had the people's money to loan them. Not daring to assign the real cause of their further inability to accommodate such customers, they falsely charged it upon the Secretary of the Treasury's contraction of the currency. And so these men clubbed together and employed the sub-agency of one John Livingston, of New York city, to manufacture an erroneous public opinion upon the subject. He sent circulars all over the country urging people to write to their members of Congress, and also to circulate petitions which he sent them praying Congress to favor expansion. I sent one of his lithographic circulars to the Clerk's desk and had it read. I have one in my possession now. It is, however, in Mr. BUNDY's speech in the Globe. And when a gentleman from Tennessee [Mr. MAYNARD] presented a petition in favor of expansion one day, myself and others from all parts of the Union took dozens from our desks

that read in the same way and were printed in the same place. The effect of all this pressure was to force a bare majority of this House against its better sense to support an unmeaning resolution against the withdrawal of the \$4,000,000 per month, which it is doubtful whether the Secretary of the Treasury can continue unless we provide him some assistance in taking care of the Government indebtedness maturing this year. Such a resolution, however, had the effect to raise the relative price of gold, or rather depreciate the value of currency about four per cent., thereby taking just so much from the laborer's wages and adding just so much to the price of his food and clothing. But gold will fall back and paper advance when it is ascertained that the resolution means nothing. Out of the nine members of the Committee of Ways and Means, but one, the gentleman of Iowa, voted for that resolution; and the Finance Committee of the Senate, which is the name of the committee in that body corresponding to the Ways and Means Committee of the House, with the late Secretary of the Treasury [Mr. FESSENDEN] at its head, appears unanimous with the great majority of the committee of the House upon the subject of gradual contraction.

There is not the least danger of a too precipitate return of this nation to specie payments. But there is danger of our too long postponing

legislation in that direction. We have no time to lose in legislating for the revival of our decrepit industries, for the development of our hidden resources, for the curtailment of personal and national extravagances, and for the lessening of our importations. We must all go to work. Production is the magic word. More production and less imports will put us on the direct road to specie payments, and legislation in favor of economy, with the \$4,000,000 monthly withdrawal, will gradually and safely deliver us there. Less production and more imports, with their twin sisters, extravagance and paper expansion, will drive us to bankruptcy and ruin. Legislate for production, rely more upon ourselves, make the tariff, as in former times, support the Government, reduce the internal revenue tax as our interest and debt decrease, and we shall find that our present \$300,000,000 of bank circulation will be ample for all business purposes, and that every dollar will be equivalent to specie. Such is the policy that I recommend, and I believe it will carry us safely through all our troubles; and if it does not extinguish our debt with the generation that created it, as the Secretary of the Treasury predicts, it will be because the credit of our Government will be so good that the holders of our forty-year five per cent. bonds will prefer holding them until they mature.

