slice out of it to keep from paying what we ought to pay ourselves as prize-money if it is just. We ought not to do that. Is that correct? I ask the honorable Senator from Ohio if that is honest, if that is correct? I say it is neither honest nor just nor correct in any sense whatever.

Mr. MERRIMON. Will the Senator allow me to make one remark?

Mr. LOGAN. Yes, sir.

Mr. MERRIMON. I think the terms of the treaty are broad enough to include any bounty that might be bestowed on the officers and seamen; and, besides, the Senator will see if he will look back to the correspondence between the ministers of the combined powers and the representatives of the Japanese government that this very subject of prize-money was mentioned in that correspondence.

Mr. EDMUNDS. Can the Senator refer to that?

Mr. LOGAN. The Senator from North Carolina uses the word "bounty." There is a very great difference between bounty and the law of bounty and the law of prize.

Mr. MERRIMON. But I do not go on the ground that they are entitled to it by virtue of the law of prize. I go on the ground that it was expressly provided for by the treaty.

Mr. LOGAN. I beg the Senator's pardon; it is not provided for in the treaty at all or anything in reference to bounty or prize-money.

Mr. MERRIMON. That depends on the construction you put on the language of the treaty, and, as I stated a moment ago, the correspondence shows that the subject of prize-money, and I believe of bounty also, was mentioned, was made a part of the basis of the treaty.

Mr. LOGAN. I should be glad if the Senator would read any single line in that treaty that provides anything in reference to prize-money or bounty-money either.

Mr. MERRIMON. I will read this clause with the Senator's permission.

Mr. LOGAN. Will the Senator give the page and book?

Mr. MERRIMON. Second volume of the Revised Statutes, page 459, the first article, in these words:

The amount payable to the four powers is fixed at $3,000,000. This sum to include all claims, of whatever nature, for past aggressions on the part of Nagato, whether indemnities, ransom for Simonoseki, or expenses entailed by the operations of the allied squadrons.

Mr. LOGAN. This was to include all claims whatever. What claims? Claims of our Government against the Japanese government. Does the Senator pretend that bounty to a ship or prize-money to one of our own vessels is a claim on a foreign government?

Mr. MERRIMON. "Claim" certainly covered it.

Mr. LOGAN. I beg pardon; it is not either in principle or law a claim upon a foreign government; it is a claim of these men upon our Treasury under the law, if they are entitled to bounty or prize money, but no claim of our Government on another.

Mr. MERRIMON. But without reference to the strict law, I say it was perfectly competent for them to treat on that subject.

Mr. LOGAN. But they did not treat on that subject, for it was not mentioned.

Mr. SARGENT. Will the Senator from Illinois yield?

Mr. LOGAN. Certainly I will give way. I only rose to call attention to this inconsistency. I do not wish to make any argument.

Mr. SARGENT. I do not wish to stop the Senator's speech, in which I am interested, but I want to move an adjournment. I submit that motion.

The PRESIDENT *pro tempore*. It is moved that the Senate do now adjourn.

The motion was agreed to; and (at five o'clock and twelve minutes p. m.) the Senate adjourned.

HOUSE OF REPRESENTATIVES.

WEDNESDAY, *May* 3, 1876.

The House met at twelve o'clock m. Prayer by the Chaplain, Rev. I. L. TOWNSEND.

The Journal of yesterday was read and approved.

EASTERN BAND OF CHEROKEE INDIANS.

Mr. MORGAN, from the Committee on Indian Affairs, reported as a substitute for House bill No. 1987 a bill (H. R. No. 3358) to authorize and enable the eastern band of the Cherokee Indians to institute and prosecute a suit or suits in the Court of Claims; which was read a first and second time, ordered to be printed, and recommitted.

EXPENSES OF DELEGATES OF CHEROKEE INDIANS.

Mr. SEELYE, by unanimous consent, reported from the Committee on Indian Affairs a bill (H. R. No. 3360) authorizing the Secretary of the Interior to pay the expenses of delegates from the eastern band of Cherokee Indians; which was read a first and second time.

Mr. SEELYE. I ask that this bill be put on its passage now.

There was no objection.

The bill was read. It authorizes and directs the Secretary of the Interior to pay out of any moneys in his possession or in his control belonging to the eastern band of Cherokee Indians, (being those of the Cherokee Indians residing east of the Mississippi River,) to Lloyd R. Welch, principal chief of said Indians, and C. H. Tayler, as agents and delegates from said Indians to attend to their interests in Washington, their actual and necessary expenses and such per diem as in his judgment is right and proper for their services. But such expenses and per diem are not to extend beyond the expiration of the present session of Congress.

Mr. SEELYE. This bill is reported by the unanimous direction of the Committee on Indian Affairs. The gentleman from North Carolina [Mr. VANCE] can state in a moment the object and necessity of the measure.

Mr. VANCE, of North Carolina. The eastern band of Cherokee Indians in North Carolina, at their annual grand council, appointed a delegation to come to Washington to attend to important business. Those delegates have not been paid. This Eastern band has a fund which is held in trust by the Secretary of the Interior, and this bill simply proposes that the expenses of the delegation and a per diem, to be fixed by the Secretary of the Interior, shall be paid out of that fund. There can be no objection to the measure.

The bill was ordered to be engrossed and read a third time; and being engrossed, it was accordingly read the third time, and passed.

Mr. SEELYE moved to reconsider the vote by which the bill was passed; and also moved that the motion to reconsider be laid on the table.

The latter motion was agreed to.

EASTERN BAND NORTH CAROLINA CHEROKEES.

Mr. SEELYE, by unanimous consent, introduced a bill (H. R. No. 3361) to authorize the eastern band of North Carolina Cherokees to institute suits, to provide for the purchase of lands, to have a final settlement, and for other purposes; which was read a first and second time, referred to the Committee on Indian Affairs, and ordered to be printed.

EDUCATION.

Mr. WALKER, of Virginia. I ask unanimous consent that the bill (H. R. No. 748) to apply the proceeds of sales of public lands to the education of the people be made a special order for the 18th of this month, to continue from day to day until disposed of.

There being no objection, it was ordered accordingly.

SETTLEMENT WITH RAILWAY COMPANIES.

Mr. HARTRIDGE, by unanimous consent, introduced a bill (H. R. No. 3362) to provide for the settlement with certain railway companies; which was read a first and second time, referred to the Committee on Military Affairs, and ordered to be printed.

EFFICIENCY OF THE ARMY.

Mr. BANNING. The bill (H. R. No. 2935) to promote the efficiency of the Army was made a special order for to-day. As there is other business coming up to-day with which I do not wish to interfere, I ask that this bill be made a special order for Tuesday next at twelve o'clock, in the House as in the Committee of the Whole, and from day to day until disposed of.

There being no objection, it was ordered accordingly.

EXPENDITURES IN THE WAR DEPARTMENT.

Mr. CLYMER. I ask that the evidence heretofore taken and to be taken by the Committee on Expenditures in the War Department be ordered to be printed for the use of the committee.

There being no objection, it was ordered accordingly.

PENSIONS.

Mr. JENKS. I ask that the bill (H. R. No. 2283) granting a pension to certain soldiers and sailors of the Mexican and Florida wars be made a special order for the 19th of May, and from day to day until disposed of.

Mr. HURLBUT. Subject to appropriation bills.

The SPEAKER *pro tempore*. Of course.

There being no objection, it was ordered accordingly.

GOLD AND SILVER.

Mr. BLAND, by unanimous consent, reported from the Committee on Mines and Mining, as a substitute for House bill No. 2715, a bill (H. R. No. 3363) to utilize the product of gold and silver mines, and for other purposes; which was read a first and second time, recommitted, and ordered to be printed.

INDEMNITY SCHOOL SELECTIONS IN CALIFORNIA.

Mr. WIGGINTON, by unanimous consent, introduced a bill (H. R. No. 3364) relating to indemnity school selections in the State of California; which was read a first and second time, referred to the Committee on Public Lands, and ordered to be printed.

UNITED STATES OFFICERS AT NEW ORLEANS.

The SPEAKER *pro tempore* announced the appointment of Mr. HOSKINS in place of Mr. FOSTER, excused from service on the committee to investigate the conduct of United States officers at New Orleans.

BUILDING FIFTEENTH AND PENNSYLVANIA AVENUE.

The SPEAKER *pro tempore*, by unanimous consent, laid before the House a letter from the Secretary of War, transmitting an estimate from the Quartermaster-General for a special appropriation for rent of building at the corner of Fifteenth street and Pennsylvania ave-

nue; which was referred to the Committee on Military Affairs, and ordered to be printed.

HEIRS OF EDWARD PAINTER, DECEASED.

The SPEAKER *pro tempore* also, by unanimous consent, laid before the House a letter from the Secretary of the Interior, transmitting estimate of appropriations for the relief of the heirs of Edward Painter, deceased; which was referred to the Committee on Appropriations, and ordered to be printed.

LE MOYNE VS. FARWELL.

The SPEAKER *pro tempore*. The first business in order this morning is the consideration of the report from the Committee of Elections in the case of J. V. Le Moyne *vs.* C. B. Farwell, from the third congressional district of Illinois, on which the gentleman from Kentucky [Mr. BLACKBURN] is entitled to the floor.

Mr. BLACKBURN. At the request of the gentleman from Massachusetts, [Mr. SEELYE,] I yield him three minutes of my time.

Mr. SEELYE. Mr. Speaker, having no previous knowledge of this question, I have listened attentively to the discussion in order that I might faithfully discharge the responsible duty of voting upon it; and I thank the honorable gentleman from Kentucky [Mr. BLACKBURN] of the Committee of Elections for yielding to me two or three minutes of his closing time in order that I may state the way in which my judgment has been led, which I am glad to have the opportunity of doing before his closing remarks, in order that if I am mistaken he may out of his abundant knowledge correct me.

I take it this whole issue hinges on the question whether the votes of the pauper inmates of the almshouse at the Norwood Park precinct should be received or rejected. If those votes are received, the contestant gains his case; if they are rejected, the present occupant retains his seat.

It is admitted that those votes were duly challenged, and that the right to cast them rests entirely upon the residence of the voters in the precinct. Now, I remember when I was a school-boy that the definition of residence then taught, the definition which had been taught for generations before, and which, so far as I can learn, has not been improved upon since, was the place where a man—*larem rerumque ac fortunarum suarum summam constituit*—has set or established his hearth and the chief of his fortunes and goods. It belongs thus only to a person, and depends thus wholly upon the exercise of a personal choice and will. A tree, a horse, a thing of any sort, cannot then have a residence, and a man incarcerated against his will, or confined within certain precincts without his choice, cannot be said to reside where he is thus obliged to remain. If this be true, and if it be true as I have learned from this discussion and has not been disputed that the supreme court of Illinois has decided that a pauper cannot gain a residence by living in an almshouse, then it follows that these paupers neither have nor could have a residence at Norwood Park, and neither were nor could be voters in the precinct where they were found. I am therefore obliged to vote with the minority of this committee and with what I should expect to be the majority of this House.

Mr. BLACKBURN. Mr. Speaker, appreciating as I do the patience with which this House has listened to the lengthy if not tedious discussion of this case, I would be indisposed to trench upon its time, if I could believe that justice to the issue involved, justice to the Committee of Elections of which I am a member, justice to that subcommittee who were intrusted with this case and who prepared the report that this House is asked to adopt, justice to this House itself and to the country, would warrant me in holding my peace. I would much have preferred the honorable gentleman from Virginia, [Mr. HARRIS,] the chairman of this committee, might himself have been present to have closed this discussion; but he is absent by reason of sickness in his family, and hence the duty devolves on me, his colleague on that subcommittee, as it is evidently the desire of the House no longer to delay final action in the case.

I cannot believe it would be right to allow this question to come to a vote after the House has been sitting here listening to four uninterrupted speeches, following each other consecutively upon the republican side, and I might also feel warranted in venturing the remark that some at least of these gentlemen appeared desirous of so mystifying and confusing the facts involved as intentionally to mislead this House from the true issues upon which it is called to pass.

The decision of a contested-election case, sir, is not only one of the highest privilege known to a deliberative body, but it is in its very nature essentially a judicial act. It is certainly one in which appeals to partisan prejudice are scarcely admissible, and I can but regret that they should have been introduced into this discussion. We have been told, sir, by gentlemen on the other side that it was useless for them to enter a protest, that it was useless for them to plead facts, because they took it for granted that a dominant majority would refuse to listen to the dictates of equity, and in the exercise of an arbitrary power without regard to rights they would unseat one gentleman and seat another.

Not only have we heard this from members of this House who have been engaged in the discussion, but it seems that the honorable gentleman from Illinois, whose seat is now under contest, has himself been involved in these wholesale charges of partisan prejudice, seeking to derogate from the fairness, the magnanimity, and the honesty of the jury before whom he is now on trial. I read, sir, what purport to be extracts from a letter written by the honorable gentleman from the third district of Illinois since the Committee of Elections made their report to this House, and which have been published broadcast in the newspapers of the land, in order that this House may see the estimate that he puts upon the sense of fairness that is to actuate the tribunal before whom he is now on trial:

Hon. Charles B. Farwell, of Chicago, writes as follows to a friend in McLean County, under date of April 10:

"To be unseated by ex-rebels causes me to have no regrets. The democratic platform *now* is, 'The country must be governed by the representatives of the lost cause.' In other words, whoever assisted to preserve the Republic must be put down. The House to-day is under the absolute control of pardoned, unrepentant rebels. The animosities of sectional strife are as bitter to-day as they were in 1860, and the question for us to determine is, Shall the South or the North govern? This is the platform and question. There is no other possible issue, and he who votes the democratic ticket is in favor of elevating to power unreconstructed, unrepentant, and unforgiving rebels.

That extract, sir, I find copied from one of the Illinois papers into the Chicago Tribune; and the sentiment that it expresses has been echoed by more than one gentleman upon one side of this Chamber. I will not venture, Mr. Speaker, to give utterance to the estimation in which men who make these charges are held by the victims of their aspersions and the objects of their calumnies. The utterers themselves may be worthy of notice, but the proprieties of this occasion preclude such an effort on my part. I choose rather to have them judged and to have them condemned out of the mouth of one of their own trusted leaders. I choose rather to read from an authority which that side of the House must not question. It comes from an ex-member of this House, the late minister of this Government to the Court of St. James, if he is not the present one. It comes from General Schenck, universally conceded by the political organization to which he belongs to be an oracle upon politics, if not upon other sciences possessing the same initial letter. I find in a certain contested-election case here in this House that General Schenck held the following language, which is applicable to this point:

I have more respect for an open rebel who seeks by violence to overthrow the Government he has sworn to defend than I have for one of these election cheats. The man who seeks by fraud, by mean, contemptible perjury, to impose himself upon the people of this country as a legal voter, to take part in the selection of their Representatives and officers, is worse than an avowed rebel. The one carries on his war openly and bravely, the other undertakes to sap and undermine the Government. The one would commit murder by force, the other by poison. And more than that, sir—

And to this I call the attention of those gentlemen—

more than that, sir, the man that procures himself or others to be elected to office by such fraudulent or spurious votes is worse and more guilty than the foreigner on whose ignorance perhaps he imposes.

If, before I finish the discussion of this case, I do not make that utterance of General Schenck apply to the gentleman from Illinois, then it will be because the facts that are here printed in the record have escaped my memory.

We were told by the gentleman from Indiana [Mr. BAKER] in the closing portion of his speech that in not one single case had this committee or this House failed to turn the issue to the advantage of their partisans. His words were:

Every doubt is resolved by our democratic friends in favor of their party every time, without missing a single count.

These are grave charges, sir, to bring against men who are selected by the presiding officer of this House and charged under their oaths with the performance of judicial functions. They do absolutely and actually embrace the charge of perjury; and I trust this House will pardon me for a moment while I seek to compare the record and see how it shall stand. I believe that but five cases have yet been acted upon by the Committee of Elections and reported to this House. It is known that in two of those cases republican contestants have been seated. The colored member from the first district of Alabama [Mr. HARALSON] holds his seat to-day in this House by the unanimous action of this committee and the unanimous action of the House. The honorable gentleman from Minnesota [Mr. STRAIT] has already been brought to this House bearing in his hand the unanimous indorsement of the Committee of Elections. The democratic contestants in both cases have been turned from your doors without a single dissenting voice.

If it were not that the rule of this House prohibits it, I might say that in that committee-room, as in this House, unanimous action has never been had upon any question of a contested election unless it was when it inured to the benefit of the republican and the disadvantage of the democrat. But I do not intend to enter upon any vindication of this committee or the House. I am willing to let the facts speak for themselves. I am content to remind this House that from the day of the organization of your Government up to the advent of the republican party to power there never were but sixty-five contested-election cases brought before American Congresses; that from the day of the advent of the republican party into power until now there have been in that short space of fifteen years nearly two hundred contested-election cases brought here for determination. I leave it to any gentleman upon that side of the House who is bold enough to tell the country the dwarfed and shriveled percentage of the cases in which you have dared to decide against your partisans. Contested-election cases, like the public debt, public plundering, public corruption, and many other things reprehensible and deplorable, seem to thrive under the favorable auspices of republican rule.

I am contented to state facts which stand recorded in history, that that party is responsible for having disfranchised whole States and sections, for having robbed millions of the right of suffrage. In the Fortieth Congress we saw the doors of this House closed in the faces of the entire delegation from my State, who came here bearing their certificates of election, and in a great majority of cases their seats were uncontested by anybody, while a peripatetic committee was appointed and traveled over the country to see if they could raise up any semblance of excuse on which to predicate their action. We saw that the republican majority in that Congress, in the face of 1,500 unquestioned majority, seated McKee in his contest against Mr. Young, and that, too, when the trusted leaders of that party protested against it by voice and by vote; when such men as Bingham, of Ohio, and Poland, of Vermont, himself a republican member of the Committee of Elections, and their own great matchless leader, Thaddeus Stevens, of Pennsylvania, denounced it as a fraud and went to record against the perpetration of the iniquity.

We saw that same republican majority decide a contested election in the Forty-first Congress from the State of South Carolina, when in order to seat a republican member against a democratic contestant they had to reject absolutely the whole vote of six out of the nine counties composing the congressional district, and that was done and the member so seated to-day holds a seat upon the floor of this House. We saw that same party majority in the last Congress refusing admittance to the representatives of the State of Louisiana whom they were finally forced to acknowledge as legally entitled to their seats, and we saw them in the expiring hours of that Congress, upon the very day of its adjournment, upon the last day of its last session, admit to his seat upon the floor a member from that State whom they admitted that they had cheated and defrauded of his rights and robbed his constituency of the right of representation.

Time fails to recount the instances in which their partisan zeal has been manifested to this disgust of the whole land. Is it meet, is it proper, that we with a record of two contested cases out of five decided in favor of those opposed to us should be read lectures on party fairness by such authorities? Let the drunkard in his maudlin soliloquy descant upon the beauties of a temperate life, or the prince of darkness prate on the merits of a scheme of universal redemption, but for the sake of consistency, in Heaven's name, shelter us from such homilies falling from the lips of men who never yet have been able to raise themselves above the dead level of the partisan, and before whose tribunal the pleadings of justice have ever been drowned amid the wild clamor of party.

I do not desire to appeal to the party prejudices of any man in this House. I desire to state the facts, and when I get through with them they will have been stated. I undertake now to say that there is not a member on this floor conversant with the proof as disclosed in this record who will venture to dissent from my representation of the facts when I shall have finished, however much he may differ from the conclusions at which I have arrived.

There are but three questions involved in this case. Upon all others the committee are substantially agreed. It is not denied that in the second precinct of the twentieth ward—at least it has not been denied in the argument before the House—that 10 illegal votes are proved against Mr. Farwell which must be deducted. It is not denied that in the fifth precinct 3 illegal votes cast for Mr. Farwell have to be deducted. It is not denied that in the fourth precinct of the eighteenth ward 13 illegal votes cast for Mr. Farwell have to be deducted. It is not denied that; because of defective affidavits, in the third precinct of the eighteenth ward 3 votes cast for Mr. Farwell have to be deducted. That leaves but three questions for consideration: First, the vote in the third precinct of the eighteenth ward; second, whether there shall be counted or rejected the pauper vote, as it is denominated, or the vote of citizens of Cook County at Norwood Park precinct; and the third, and the most important to my mind, the clearest, is as to the right and duty of this House to purge the poll in the first precinct of the twentieth ward.

Now, what are the facts in reference to the third precinct of the eighteenth ward? The record shows that the election law of the State was utterly disregarded; that the ballots were not counted by the officers of the election; that they were not sealed; that they were not kept in the custody of one of those in whose charge they are placed by the direction of the statute; but that the ballot-box, unsealed and unguarded, was left all night in a bar-room in the custody of nobody. That there was a partial count had that night, it does appear. It does appear in evidence by the testimony of one man that he learned from somebody that such and such was the vote given in that precinct for member of Congress. He does not say from whom he got it.

Mr. WELLS, of Mississippi. I hope the gentleman will not misrepresent the facts.

Mr. BLACKBURN. I am not misrepresenting the facts, and if the gentleman will sit still he will see it. It does appear in evidence by the testimony of one man that after the poll closed in the third precinct of the eighteenth ward that night there was a partial count of the ballots cast, but that no official return was made. He managed to ascertain from somebody what was said to be the vote cast.

Mr. WELLS, of Mississippi. The return was made by the judges of election.

Mr. BLACKBURN. I will state the facts, and I am ready to go to the record upon my responsibility. There was no return made by the judges at all.

He says that he did learn that night what was the vote and he did report it to the police headquarters. He says that the next day when the official return was made, according to his recollection there was no difference in the vote for Congressman between the information he got the night before and the official return as made the next day.

Mr. WELLS, of Mississippi. Will the gentleman allow me?

Mr. BLACKBURN. I trust the gentleman will be as brief as he can. I sat here for an hour and a quarter and listened to him without attempting to interrupt him.

Mr. WELLS, of Mississippi. I wish simply to make this statement: The evidence shows that the judges made out the returns the night of the election.

Mr. BLACKBURN. I am not better informed now than before the gentleman interrupted me, and I trust he will not interrupt me again.

Mr. WELLS, of Mississippi. I beg the gentleman's pardon.

Mr. BLACKBURN. I allowed each man to have his time without interrupting him, and now my time is come, and I trust I will be allowed to state without interruption what the record proves. The record does not prove that any official return was made out that night; the record, on the contrary, expressly proves that that statement is not true. If they made out their official returns that night, why did they come back the next day, count the votes over again, and make out a second return? There never was but one return made, and that was not made by the officers of election. The count had upon the succeeding day, and upon which the officers predicated their return, and which they evidently regarded as the official count, is expressly proved by the testimony to have been made, not by the officers of election, but by two of those officers and a horde of humanity that had gathered around the doors of this drinking-saloon in which this box had been left unsealed for fourteen hours.

There is the record; they did make a partial count that night; somebody did tell this witness what the vote was, and this witness says that he reported it to the police headquarters. But the next day two of the officers of election went back, gathered up some outside friends, went into this drinking-saloon, found this unsealed and unguarded ballot-box, took it into a back room, there counted the ballots, and made their official return upon that count. The question is whether this House will, in the consideration of this case, take cognizance of that poll. In that precinct Farwell had a majority of 14 votes. If precedents are to be followed, if law is to be regarded, if evidences of fraud are to be regarded, if the most violent of all presumptions are to be had, this House cannot and dare not count the 14 majority awarded to Mr. Farwell in that third precinct of the eighteenth ward.

Upon this point I have a distinguished authority before me; it is none other than that of the justly distinguished gentleman from Massachusetts, [Mr. HOAR,] who, when a member of the Committee of Elections and making a report, held the following language, in regard to this question as to whether it is absolutely necessary to prove that fraud had been actually committed. This is what he says:

> It makes no difference, for the purpose of my point, whether it was there twelve hours or twelve days. Now, I do not claim that there is any evidence here that when that bar-room was left alone—

Mark the similarity of the two cases in this respect. There was a bar-room figuring as the depository in both cases—

> I do not claim that there is any evidence here that when that bar-room was left alone in the day-time, or when it was left alone in the night, any person entered it, opened that box, and substituted other numbered ballots for the ballots which it contained. All I say is that adroitness less than that practiced for a less important purpose in many and ordinary cases of crime, robbery, burglary, and forgery, could easily accomplish that result. Now, we know how eager, how unscrupulous, how adroit in many instances are the means which are used to affect political contests. It is not a question whether it is proved that the friends of this very respectable and very able gentleman who claims this seat did or were capable of doing such a thing. The question is whether you are willing to turn out a sitting member from this House whenever hereafter in any district of the country any member may be able to do such a thing, and may have been able to do it without detection.

And further on he says:

> It is not merely a question whether the recount was correct; it is a question whether you know and are sure that the same thing was counted, or which should have been counted, at the time the original count was made.

The testimony shows conclusively that while this witness remembered that the vote as announced the night before for congressman was the same as the vote officially returned the next day, still there was a difference in the report of the night before and the official return of the next day in reference to other officers voted for on that occasion; proof conclusive that this ballot-box was tampered with, and only negative proof as to whether this contestant was made to suffer by reason of that fraud.

In the case of Taylor *vs.* Reading, page 661, the proof showed opportunity for tampering with the ballot-box, but it did not show the fact. In that case the Committee of Elections report:

> Your committee can come to no other conclusion than that the claim of contestant to a credit of these 54 votes is already vindicated.

The presumption of fraud was there alleged, and the presumption of the purpose of fraud is here alleged.

I am content to rest that third precinct of the eighteenth ward just where we have it. In order to enable the sitting member to retain

his seat in this House, I want members to bear in mind that it is necessary they should refuse to reject the poll of this third precinct of the eighteenth ward; it is further necessary that they should reject the vote of every man who voted from the Norwood Park farm; and then they will not seat him unless they go further, and say that the first precinct of the twentieth ward shall not be purged of its fraud, but the prayer of the sitting member shall be granted to reject the entire poll. They must do all three of these things before they can refuse to the contestant a seat upon this floor. It matters not, so far as the practical result is concerned, what view you may take of any one of these three points, or any two of them; you must accept the views of the other side of the House upon all three, or else you unseat the sitting member and seat the contestant.

As to the second point involved, which has been more fully discussed than any other issue, I will say but a few words. It is contended that certain citizens of Norwood Park township were not entitled to vote because they were paupers. There is no proof in this record that they were paupers; the allegation is not established by any evidence. He who asserts the illegality of a vote must prove it. The law in its mercy presumes that a man is innocent of a fraud or a crime until the contrary is established. The record shows that each one of these men, as required by the statute law of Illinois, swore in his vote; the record shows that each one of these men went further, and, after making the necessary affidavit that he was a legal voter in that precinct, proved it by a householder of the precinct. In the absence of contradicting testimony, in the utter absence of any proof or attempt to prove that these men were disqualified, are you prepared to say that they have sworn falsely, that the presumption of law should be against the voter instead of in his favor; that these householders by whom their affidavits are confirmed have committed perjury? Are you prepared to do this in view of the uncontradicted testimony which shows that these citizens of Norwood Park went forward through their agent and applied for the opportunity to register, and were swindled out of it by that man who is a witness on the other side, Corse, the town clerk, and his coadjutor in part, Stockwell, a member of the board of registration? They had agreed to register all these people of Norwood Park; but when they went forward to be put on the registration they found that Corse had gone off and secreted himself; and the registration-list was not to be found. It was only when the election day came that they were permitted to go forward under the law when their votes were challenged, and make oath to their right of suffrage and prove it as they were required to do.

Do not gentlemen on the other side know that even if these men were paupers they are legal voters in the State of Illinois? Do not gentlemen know that there is no provision of statute-law which precludes them? Do not gentlemen know that three members of the Illinois delegation sit here by virtue of elections at which the vote of every inmate of the poor-house who presented himself was received and counted? Do not gentlemen know that at the Soldiers' Home in the State of Ohio 600 votes were polled by the inmates of that eleemosynary institution against one of the members [Mr. MCMAHON] from that State? Do not gentlemen know that in the Lake View precinct of this very district the inmates of the Marine Hospital were marshaled to the polls under the leadership of the warden of that institution, each and every one of whose ballots were polled for Farwell on that day?

But the question of residence is raised, and it is urged that these men could not acquire a residence because of their want of volition; that there must be permanent residence. And why? Because the statute-law of Illinois says it must be permanent residence. I was not surprised to find that no gentleman who has preceded me upon the other side of the House has felt himself called to the task of undertaking to demonstrate that that statute of Illinois was constitutional in its character. The constitution of Illinois does not require permanent residence for a voter. The statute of Illinois can prescribe no qualfications for a voter in addition to those laid down in the constitution. Any statute that attempts to make any addition to or any modification of the qualifications prescribed by the constitution is unconstitutional and void. It is not in the power of any legislature to pass a statute which shall be of superior dignity to the organic law, the constitution of the State.

But it is useless to waste time on that precinct. I here assert, and call the House to bear in mind, that even if these men were all paupers they were still entitled to vote, and no proof to the contrary can be produced. There is no proof in this case that they were paupers at all. The utmost that can be claimed is that there were two paupers out of those fifty-nine voters.

Now, if the sitting member honestly believed that these men were paupers, and if he honestly believed that under the law of Illinois he could exclude their votes, why did he not call for the pay-rolls of that institution? Why did he not call upon the board of county commissioners to furnish a list of those who under their authority had been admitted to that poor-house? It was perfectly competent for him to obtain such proof. It is in evidence that that record was to be had. The testimony in this case shows that there was such a record in existence. He who seeks to disfranchise nearly one-half of the voters of a precinct should have demanded the production of the proper proof. Even if these men were paupers, they had a right to vote. But, I repeat, sir, they are not paupers according to the evidence, and there has been no effort upon the part of the sitting member to demonstrate that fact.

But pretermitting those points, I come to the only remaining question—an important one, for it involves a precedent that needs to be decided. In the first precinct of the twentieth ward Mr. Farwell's returned majority is 171. I need not stop to cite the evidences of frauds perpetrated in that precinct; they are admitted.

At one time it may have been my purpose to denounce the perpetrators of that fraud, but, if so, I have long since abandoned it, for nothing that I could say, no anathemas I could hurl would approximate to the invective and abuse that those gentlemen have received at the hands of their political associates upon the other side of this Chamber. They have said that the officials who conducted the elections in that precinct went to work deliberately and systematically to perpetrate fraud; that they went back to a registration-list which was anterior to the election, and from that point down to the culmination of their iniquity their denunciators have told the truth.

The question presented in the first precinct of the twentieth ward is a very simple one. Will you undertake to purge a poll of its fraudulent votes, or will you, because of evidence of fraud in that precinct, reject the whole poll, when by the adoption of the latter course you give the advantage and make that man the beneficiary of your action whose friends and partisans have perpetrated the fraud? This first precinct of the twentieth ward was overwhelmingly a democratic precinct. So decided was its political complexion that no republican dare make the race for alderman in it. But a man by the name of Corcoran—and his name should be forever remembered in order that it may be handed down in enduring infamy for the crimes he planned, for the iniquities he perpetrated, for the wrongs he inflicted upon that constituency in this contest we are discussing—a man by the name of Corcoran, a partisan of the sitting member, went to work deliberately, with the assistance of four men, to manufacture a fraudulent registry-list. Upon that list they put three hundred fictitious names. When the election came off three out of the four men who made up that fraudulent registry-list are found to be officers of the election in that precinct. They refused to admit a challenger into the room for each party, as the law required. The very men who had made up this fraudulent registry-list, the men who had put these three hundred fictitious names upon it, the very men who had been handling these fictitious names by furnishing them to repeaters, and furnishing those repeaters with the tickets of the sitting member to vote in that precinct—these are the very men who appear as judges and clerks of election at that precinct. These are the very men whose votes stand recorded there for the sitting member. These are the very men who took the ballot-box when the election closed and carried it to their room, and kept it there for two days. These are the very men who it is admitted and agreed upon both sides of this Chamber are responsible for every fraud which was perpetrated throughout that whole day's contest.

I ask this House to bear in mind that neither in his answer, nor in his proof, nor in his argument has the contestee in this case ever charged there was a fraudulent vote polled in that precinct for his competitor—not one.

Now, then, I say under the statute of Illinois you cannot help but purge the poll. The law says you shall never reject a poll until it becomes impossible to purge it of fraud. It is not a question of discretion vested with you. The law says you shall not disfranchise a precinct unless it be absolutely impossible to purge that precinct of its fraud.

I may as well here make citation of the authorities which bear upon this case. In the case of Delano *vs.* Morgan, in 1868, under almost similar circumstances, the House and the committee refused to reject the poll.

In the case of Hogan *vs.* Pile, 1869 and 1870, page 281, the majority refused to reject the poll or purge it.

In the case of Van Wyck *vs.* Green, the majority infer from the politics of officers that fraud was in the interest of their friend.

In Pratt *vs.* The People, 29 Illinois, page 72, the court said, "An irregularity in an election may be overlooked if it casts no uncertainty on the result and has not been occasioned by the party seeking to derive a benefit from it."

In the case of The People *vs.* Cook, 4 Selden, 8 New York, page 93, it is held that—

> It is probably impracticable to prescribe a rule which will enable us to determine in all cases what irregularities of inspectors will vitiate an election. It may be safely affirmed that if the irregularity does not deprive a legal voter of his right or admit a disqualified person to vote, if it casts no uncertainty on the result, *and has not been occasioned by the agency of a party seeking to derive a benefit from it, it may be overlooked.*

In the case of Myers *vs.* Maffett, (1869-'70, pages 564 and 586,) the majority of the committee and the House refused to throw out a precinct in face of outrageous frauds.

In the case of Van Wyck *vs.* Green, page 361, the majority of the committee say:

> The committee is of opinion that the irregularities and misconduct of the inspectors of the election at said districts were sufficient to throw out the entire vote of said districts, but does not recommend the same, as contestant *did not specifically demand the same* in his notice to contestee.

Frauds were here alleged on part of contestee. Now, sir, never in the notice of contest here has it been demanded that this poll should be rejected. We do not want it rejected, because the demands

of right, justice, and equity say it shall not be rejected unless you desire to set a precedent under which each and every man may become the beneficiary of his own fraud.

In Littlefield *vs.* Green, Cass County, Illinois, Brightly's Election Cases, pages 495 and 496—

It is undoubtedly the rule that if the canvassing court can separate the legal from the illegal votes, and reject the illegal ones, they are bound to do so, and that mere irregularities in the manner of conducting an election or a fraud on the part of the officers will not vitiate, unless it be of so gross a character *as to destroy all* means of *ascertaining the true result.*

In Biddle and Richard *vs.* Wing, Clark, and Hall, Contested-Election Cases, page 504, it is held—

Nothing short of the impossibility of ascertaining for whom the majority of votes were given ought to vacate an election.

These are the authorities that bear upon the case; and I see fit only to supplement them by that work prepared by a distinguished member of the present Congress, Mr. McCRARY. In the American Law of Elections, section 303, it is held:

The power to reject an entire poll is certainly a dangerous power. * * * It should only be exercised in an extreme case, that is to say, a case where it is impossible to ascertain with *reasonable certainty* the true vote.

Here you have the law declaring that you shall not reject the poll of an entire precinct if it be possible to purge it of its frauds. I trust the House will bear this in mind. In the State of Illinois, unlike other States, the statute requires that whenever a man comes forward to vote his name shall be registered on the poll-book, his number shall be put opposite his name, his residence by street and number shall be taken down as given by himself, and then, before his ballot is put into the box, the same identical number corresponding to the one opposite his name must be put upon his ballot. For all practical intents and purposes it was a *viva voce* vote. Every man's name was numbered, and that same number was written upon every man's ballot. All that you had to do to purge it of its frauds was to prove the illegal votes on the poll-book, take out the corresponding numbers of the ballots, and you had exactly the fraudulent votes that had been introduced into that box. That was done.

The poll-book in this case stands unimpeached. The returns are admitted to be worthless. The poll-books are made the foundation of contestant's case. By them we purge this poll. All parties agree that it has not been altered. We go behind the returns to the poll-books and the ballots. This surely we have a right to do and are required to do. We have the right to go even further. In the case of Fallet *vs.* Delano it is held:

The contestant alleged that the poll-books were defective; but it was held that, the tally-sheets being unimpeached, the stated results could not be set aside. The House agreed to report without a division. Here the House not only went back to the poll-book, but behind that to the tally-sheets.

Now, Mr. Speaker, the House will bear me out in this: there can be no doubt of the propriety and the justice of deducting one vote for every fraudulent or illegal vote that was proven in that precinct. Up to that point we are agreed. The only question is from whom these fraudulent votes should be deducted. We say deduct them from the man for whom the vote of the corresponding number on the poll-book was given. They say the difficulty is that these ballots have been tampered with, and that there are duplicate and triplicate numbers. That there are 183 ballots in this box that are duplicate or triplicate in number. Grant that. If we were to insist upon the application of the rule which the law permits us, we would be entitled to deduct from the vote of the sitting member one for every fraudulent vote proven in that precinct, because the frauds were all perpetrated by his friends; the ballots, if they were confused and misnumbered, were confused and misnumbered by his partisans. He became the beneficiary by their work, and it would be nothing but fair under the construction of the law to deduct one vote from his count for every illegal vote proven on the poll-book.

For in the case of Duffey, 4 Brewster, page 531, the court held:

Upon notice, &c., that fraudulent votes had been received, the burden of proof falls upon the candidate advantaged by the count to show that the person so voting was a legal voter or voted for his opponent, otherwise it will be presumed that they were polled and counted for him, and the poll will be purged by striking the whole number of such votes from his count.

But I beg you to remember that we do not propose to apply that rule. We do not ask to deduct from the sitting member a single illegal vote, except it be where we have proven by the corresponding number on the ballot that the owner of that ballot gave it to the sitting member. Here are eighty-odd of these ballots that we cannot identify, because, from the manipulations of his friends, they have been numbered to correspond with the numbers of men who voted for both candidates. We propose to leave them untouched, to deduct them from no one. We only propose to deduct from the sitting member's count the number of ballots belonging to illegal voters upon that poll-book that have been proven to correspond with numbers in the poll-books that were given to his count. If you undertake in this way to purge the poll you will take away from the sitting member 252 votes. If you refuse to purge the poll and reject it as an entirety, you only take from him 171 votes.

Is there a doubt in the mind of any man around me as to the candidate for which all those fraudulent ballots were polled? The proof shows that over 300 illegal votes were polled. The proof shows that one of the parties to this contest never received but 251 votes in that precinct, all told. And the proof shows that the sitting member received between four and five hundred. The illegal votes could not have been polled for Le Moyne, because there were more illegal votes than his whole number amounts to. You are not left to inference. You are not left to presumption. It is clearly demonstrated, it comes down into the region of established fact, that there was not a fraudulent vote polled at that precinct that day that was not polled for the sitting member. It has never been contrarily charged. It has never been contended for in proof or in argument; and no man here will have the hardihood to claim it.

Mr. WELLS, of Mississippi. I made the charge on yesterday, as the gentleman will find if he will refer to my speech.

The SPEAKER *pro tempore.* The gentleman from Kentucky declines to be interrupted.

Mr. BLACKBURN. Now, Mr. Speaker, it is a singular thing in the very inception of this contest one party charges fraud in this precinct and the other party denies it. The one party undertakes to prove it and the other to resist it. One party does prove it in spite of the efforts of the sitting member to suppress it. And after that is demonstrated and it is clearly shown that he is to lose 252 votes in that precinct, because of the frauds and villainies of his friends, then for the first time by an amended brief he comes before the committee and begs that you shall reject the whole poll. It will hardly be accepted by this House. I do not believe that the proposition will be supported by the unprejudiced members upon that side; and unless that is done it matters not what you do with Norwood Park; it matters not what you do with the returns from the third precinct of the eighteenth ward; Mr. Le Moyne is elected a member of this House by a majority of 100 votes, in round numbers, in spite of all the frauds and iniquities that were perpetrated on him. If you do not intend to do this thing, if you are resolved to put the seal of your approbation upon such frauds openly perpetrated, if you are determined to set a premium upon fraud, if you are resolved to open wide the doors and gates to the corruption and disreputable practices that have been perpetrated in this contest, then in Heaven's name cease prating about the purity of republican institutions, admit to the world that the "rotten-borough" system of England, which has been held up to universal detestation, has found, not a counterpart in America, but a system far in advance of the iniquities of that English practice and which should raise a blush of shame upon the cheek of every American. There is no way to resist the conclusion reached by the majority of the committee; there is no process of reasoning by which you can bring yourself to believe that this precinct should be rejected for fraud and the vote of the other precinct counted, or that the voters from the poor-house farm should be disfranchised when the law of Illinois says that they shall not be, when even if they were paupers they were entitled to their vote, and there is no proof of their pauperism.

I do assert that this is the first and only case to be found of record in which the party receiving a majority of the votes of a precinct ever demanded the rejection of that precinct because of the frauds admitted to have been perpetrated by his own friends and supporters, and makes this demand, as novel in law as it is foreign to equity, in order that he may profit by these frauds of his partisans.

Why, Mr. Speaker, the State of Illinois is tenacious of the rights of suffrage. The city of Chicago has been noted for many things; it is famed for the rapidity of its growth and its unexampled commercial developments; for its splendid boulevards and palatial structures; it is noted for the magnificent whisky frauds it has developed; it is justly celebrated for its unparalleled and unapproachable conflagration; but there is nothing for which Chicago stands more justly prominent than for the tenacity with which her people cling to the inalienable right of suffrage. While gentlemen on the other side would deprive these alleged paupers of the right to vote, this record shows that the right is not denied even to dead men in Chicago. The grave has been forced to give up its sheeted dead, buried for months and years, in order that they might come to the ballot-box on that 3d day of November when this election occurred and cast their suffrages for Farwell; and one man by the name of Freeman, who had been buried for more than a year, actually voted twice for the sitting member, and yet they tell us that men must be disfranchised because they are poor among such a suffrage-loving constituency as that. [Laughter.]

Now, my friend from New York [Mr. TOWNSEND] yesterday, illustrating that modesty for which he is proverbial, compared himself to the heavenly messenger that Abraham was to send to the family of Dives with a message of warning, and he closed his pathetic appeal by stating that the democratic majority here would not listen even though one rose from the dead. I did not think it was more inappropriate or more unseemly that this House should be greeted with the sepulchral tones of a grave-yard advocate, pleading the cause of the sitting member on this floor, than it was that that sitting member should claim his seat on the ballots of men who have been dead and buried until their memory is forgotten. There has been decidedly too much of the grave-yard in this contest. The truth is irrefutable. If Mr. Farwell is to be allowed to reject this poll instead of purging it, when the law says that it shall be purged, and when the law of the State of Illinois makes it plain that you can purge it, he becomes the beneficiary of 82 votes all fraudulent, all illegal, all iniquitous, and, worse than that, you thereby disfranchise two hundred and fifty-one men in that precinct who voted for Le Moyne,

which Farwell admits in his answer, and as is shown in the proof and which Mr Farwell admits in his argument, were all legal voters and had a right to vote. If you do that you set a premium upon fraud, you invite every political bummer to come into these contests for the purpose of corrupting the ballot-box and prostituting the right of suffrage. You must go further and say that having rejected that poll for fraud you will refuse to reject the other poll because of frauds equally glaring, and then you must go further still and say that not one single man who voted from the Norwood Park farm in Cook County was entitled to vote, when the laws of the State give him the right of suffrage and when the testimony goes to show that he was as much entitled to it as you were to deposit the last ballot you gave in your own precinct, and when there is not one scintilla of proof to the contrary appearing.

I have only to say, in conclusion, that I trust the action of every member of this House, whether he sits upon this side or the other, will not be influenced by party prejudice or patisan bigotry, but that each will discharge the duty that devolves upon him, taking counsel only of an honest judgment, a fearless and well-formed purpose, heeding less the mutterings of partisans than the promptings of conscience. The case is made out; let the House decide it.

Mr. POPPLETON. I move the previous question.

The previous question was seconded and the main question ordered.

Mr. WELLS, of Mississippi. Will my colleague on the committee yield to me for a moment?

Mr. POPPLETON. I think there has been debate enough upon this case. I simply desire to say that I feel that the time of the House has been sufficiently occupied in the discussion of this case, and that it should now give way to other business of the House, and I insist upon a vote.

The SPEAKER *pro tempore*, (Mr. SAYLER in the chair.) The question before the House is upon adopting the substitute reported by the minority of the Committee of Elections for the resolutions reported by the majority of the committee.

The Clerk will report the resolutions.

The resolutions of the majority of the Committee of Elections were read, as follows:

Resolved, That Charles B. Farwell was not elected, and is not entitled, to a seat in this House as a member of the Forty-fourth Congress from the third congressional district of Illinois.

Resolved, That John V. Le Moyne was elected, and is entitled, to a seat in this House as a member of the Forty-fourth Congress from the third congressional district of Illinois.

The resolutions of the minority of the committee were read, as follows:

Resolved, That John V. Le Moyne was not elected, and is not entitled, to a seat in this House from the third congressional district of Illinois.

Resolved, That Charles B. Farwell was elected, and is entitled, to a seat in this House from the third congressional district of Illinois.

Mr. WELLS, of Mississippi. I rise to a question of privilege. I understood the gentleman from Kentucky [Mr. BLACKBURN] to state that nowhere in the record could be found a return of the judges of the third precinct of the eighteenth ward.

The SPEAKER, *pro tempore*. That is not a question of privilege.

Mr. BLACKBURN. I simply desire to say that I do not make the point of order that this is not a privileged question; but if the House is to consider it, and to allow the gentleman from Mississippi [Mr. WELLS] to proceed, I shall certainly expect the courtesy of being allowed an opportunity to reply.

The SPEAKER *pro tempore*. The Chair does not consider it a privileged question.

Mr. WELLS, of Mississippi. I made a statement which the gentleman from Kentucky [Mr. BLACKBURN] denies. I desire to read, from page 354 of the evidence in this case, the statement of James S. Fisher, in regard to the making of the returns on the night of the election in the third precinct of the eighteenth ward, in order to show that my former statement was correct.

Question. You have spoken of the judge announcing to you the result. State whether that was done in the presence of the other judges of the election.

Answer. Yes, sir; and the clerk, and publicly announced; read out in a loud voice.

Mr. POPPLETON and others. "Order!" "Order!"

The SPEAKER *pro tempore*. The gentleman from Mississippi [Mr. WELLS] is not in order. He is not discussing a question of privilege, but the merits of the case, and the Chair must decline to entertain any further discussion upon it. The question now is, Will the House adopt the resolutions reported from the minority of the Committee of Elections in place of the resolutions reported by the majority of that committee?

The resolutions of the minority of the committee were as follows:

Resolved, That John V. Le Moyne was not elected, and is not entitled, to a seat in this House from the third congressional district of Illinois.

Resolved, That Charles B. Farwell was elected, and is entitled, to a seat in this House from the third congressional district of Illinois.

Mr. BROWN, of Kansas. On that question I call for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 89, nays 129, not voting 72; as follows:

YEAS—Messrs. Adams, John H. Baker, Banks, Blaine, Blair, Bradley, William R. Brown, Horatio C. Burchard, Cannon, Caswell, Conger, Crapo, Crounse, Danford, Darrall, Davy, Denison, Dobbins, Dunnell, Eames, Evans, Fort, Foster, Frost, Frye, Garfield, Hale, Haralson, Hathorn, Hendee, Henderson, Hoar, Hoge, Hoskins, Hunter, Hurlbut, Joyce, Kelley, Ketchum, Kimball, Lamar, Lapham, Lawrence, Leavenworth, Lynch, MacDougall, McCrary, Miller, Monroe, Morgan, New, Norton, O'Brien, O'Neill, Packer, Page, Pierce, Plaisted, Potter, Pratt, Rainey, Robinson, Rusk, Sampson, Seelye, Sinnickson, Smalls, A. Herr Smith, Stone, Stowell, Thornburgh, Martin I. Townsend, Washington Townsend, Tufts, Van Vorhes, Waldron, Alexander S. Wallace, John W. Wallace, G. Wiley Wells, Wheeler, Whiting, Willard, Andrew Williams, Charles G. Williams, William B. Williams, Wilshire, James Wilson, Alan Wood, jr., and Woodburn—89.

NAYS—Messrs. Ainsworth, Ashe, Atkins, John H. Bagley, jr., Banning, Blackburn, Bland, Blount, Bradford, Buckner, Cabell, John H. Caldwell, William P. Caldwell, Candler, Caulfield, Chapin, John B. Clarke of Kentucky, John B. Clark, jr., of Missouri, Clymer, Cochrane, Collins, Cook, Cowan, Cox, Culberson, Cutler, Davis, De Bolt, Dibrell, Douglas, Durham, Eden, Egbert, Faulkner, Felton, Finley, Forney, Franklin, Fuller, Gibson, Glover, Goode, Goodin, Gunter, Andrew H. Hamilton, Robert Hamilton, Hardenbergh, Henry R. Harris, Harrison, Hartridge, Hartzell, Hatcher, Hereford, Abram S. Hewitt, Goldsmith W. Hewitt, Hill, Holman, Hooker, Hopkins, House, Hunton, Jenks, Knott, George M. Landers, Lane, Levy, Luttrell, L. A. Mackey, Maish, McFarland, Metcalfe, Milliken, Money, Morrison, Mutchler, Neal, Odell, Parsons, Payne, Phelps, John F. Philips, Piper, Poppleton, Powell, Randall, Rea, Reagan, John Reilly, James B. Reilly, Rice, Riddle, William M. Robbins, Roberts, Miles Ross, Savage, Scales, Schleicher, Sheakley, Singleton, Slemons, William E. Smith, Southard, Sparks, Springer, Stenger, Tarbox, Teese, Terry, Thompson, Thomas, Throckmorton, Tucker, Turney, John L. Vance, Robert B. Vance, Gilbert C. Walker, Walling, Walsh, Warren, Whitehouse, Wigginton, Wike, Alpheus S. Williams, James Williams, James D. Williams, Jeremiah N. Williams, Fernando Wood, Yeates, and Young—129.

NOT VOTING—Messrs. Anderson, Bagby, George A. Bagley, William H. Baker, Ballou, Barnum, Bass, Beebe, Bell, Bliss, Boone, Bright, John Young Brown, Samuel D. Burchard, Burleigh, Campbell, Cason, Cate, Chittenden, Durand, Ellis, Ely, Farwell, Freeman, Gause, Hancock, Benjamin W. Harris, John T. Harris, Haymond, Hays, Henkle, Hubbell, Hurd, Hyman, Frank Jones, Thomas L. Jones, Kasson, Kehr, King, Franklin Landers, Lewis, Lord, Lynde, Edmund W. M. Mackey, Magoon, McDill, McMahon, Meade, Mills, Morey, Nash, Oliver, William A. Phillips, Platt, Purman, John Robbins, Sobieski Ross, Sayler, Schumaker, Strait, Stevenson, Swann, Waddell, Wait, Charles C. B. Walker, Ward, Erastus Wells, White, Whitthorne, Willis, Benjamin Wilson, and Woodworth—72.

So the resolutions reported by the minority of the committee were not adopted.

During the call of the roll the following announcements were made:

Mr. LANDERS, of Indiana. I desire to state that I am paired with my colleague, Mr. CASON, who, if present, would vote "ay" and I would vote "no."

Mr. BLACKBURN. My colleague on the Committee of Elections, Mr. BEEBE, of New York, desired me to have the announcement made that he was paired with Mr. BURLEIGH, of Maine. If present, Mr. BEEBE would vote "no" and Mr. BURLEIGH would vote "ay."

Mr. HEWITT, of Alabama. I desire to state that my colleague, Mr. LEWIS, is absent by order of the House; if present, he would vote "no."

Mr. AINSWORTH. I am paired with my colleague Mr. OLIVER. If present, Mr. OLIVER would vote "ay" and I would vote "no." I desire also to state that Mr. KASSON, of Iowa, is absent on account of the serious illness of his brother.

Mr. G. A. BAGLEY. I desire to state that I am paired with my colleague, Mr. WALKER, who, if present, would vote "no" and I would vote "ay."

Mr. LANE. I desire to state that Mr. MCDILL, of Iowa, and Mr. GAUSE, of Arkansas, are absent on committee service, and are paired. If present, Mr. MCDILL would vote "ay" and Mr. GAUSE vote "no."

Mr. TUFTS. My colleage, Mr. OLIVER, is paired with Mr. BOONE, of Kentucky. If present, Mr. OLIVER would vote "ay" and Mr. BOONE would vote "no."

Mr. AINSWORTH. I announced that I was paired with my colleague, Mr. OLIVER. I find now that he is paired with another gentleman also, and therefore I will vote "no."

Mr. TUFTS. There is evidently a misunderstanding in regard to my colleague, Judge OLIVER. Judge BOONE, of Kentucky, asked me to arrange a pair for him on these questions. Judge OLIVER also spoke to me on the same matter. In his hurry of leaving he made the arrangement with Mr. AINSWORTH, not knowing that I had made any arrangement of the kind with Judge BOONE. Judge OLIVER and Judge BOONE are both absent, and therefore it could make no difference whatever in the result.

The SPEAKER *pro tempore*. The question now recurs upon adopting the resolutions reported by the majority of the Committee of Elections.

The resolutions of the majority were as follows:

Resolved, That Charles B. Farwell was not elected, and is not entitled, to a seat in this House as a member of the Forty-fourth Congress from the third congressional district of Illinois.

Resolved, That John V. Le Moyne was elected, and is entitled, to a seat in this House as a member of the Forty-fourth Congress from the third congressional district of Illinois.

The question was taken, and the resolutions were adopted.

Mr. POPPLETON moved to reconsider the vote by which the resolutions were adopted; and also moved that the motion to reconsider be laid on the table.

The latter motion was agreed to.

MESSAGE FROM THE SENATE.

A message from the Senate, by Mr. SYMPSON, one of their clerks, informed the House that the Senate had passed, without amendment, the bill (H. R. No. 3356) authorizing the transfer of a certain appropriation.

The message also announced that the Senate had passed, without amendment, the bill (H. R. No. 3269) appropriating $50,000 for subsistence supplies for Apache Indians in Arizona Territory and for the removal of the Indians of Chericahua agency to San Carlos agency.

The message also announced that the Senate had passed a bill of the following title; in which the concurrence of the House was requested:

A bill (S. No. 745) to authorize the Secretary of the Treasury to issue a register and change the name of the brig A. S. Pennell to the City of Moule.

The message also returned to the House, in accordance with its request, the joint resolution (H. R. No. 34) to print forty-five hundred copies of the annual report of the United States geological and geographical survey of the Territories.

SAMUEL EMMERT.

The SPEAKER *pro tempore*, by unanimous consent, laid before the House a letter from the Secretary of War, transmitting the papers (certified copies) pertaining to the claim of Samuel Emmert; which was referred to the Committee on War Claims.

CAPTAIN GEORGE A. ARMES.

The SPEAKER *pro tempore* also, by unanimous consent, laid before the House a letter from the Secretary of War, transmitting the report in the case of Captain George A. Armes, Tenth United States Cavalry; which was referred to the Committee on Military Affairs.

COMMISSARY DEPARTMENT.

The SPEAKER *pro tempore* also, by unanimous consent, laid before the House a letter from the Secretary of War, transmitting a copy of Circular No. 1, from the Office of the Commissary-General of Subsistence; which was referred to the Committee on Military Affairs.

ENROLLED BILLS SIGNED.

Mr. HARRIS, of Georgia, from the Committee on Enrolled Bills, reported that the committee had examined and found truly enrolled bills of the following titles; when the Speaker signed the same:

An act (S. No. 40) granting a pension to Elmira E. Cravath;

An act (S. No. 130) to relinquish the interests of the United States in certain lands to the city and county of San Francisco, in the State of California;

An act (S. No. 425) granting a pension to James Eli Butts and Malinda Frances Butts;

An act (S. No. 504) granting a pension to Nancy True; and

An act (S. No. 761) to remove the political disabilities of James E. Slaughter, of Alabama.

ORDER OF BUSINESS.

Mr. HOLMAN. I rise to move that the House now resolve itself into Committee of the Whole on the Post-Office appropriation bill. Before making that motion I wish to say that inasmuch as many gentlemen desire to speak upon this bill I have thought it advisable to permit general debate upon the bill during the day and to-night, if the House will consent to take a recess from half past four till half past seven o'clock. I ask therefore, in the first instance, that by unanimous consent a recess be taken at half past four o'clock until half past seven o'clock, and that general debate proceed upon this bill at the evening session.

Mr. PAGE. I wish to inquire of the gentleman whether he proposes that general debate on the bill be closed to-day?

Mr. HOLMAN. No, sir. I will seek to-morrow to have general debate closed at a very early moment; but I make no such motion now.

Mr. PAGE. Then I make no objection.

Mr. HOAR. Does the request of the gentleman from Indiana for unanimous consent imply that no other business is to be done this evening?

Mr. HOLMAN. I suppose that would follow if this afternoon and the evening session be devoted to general debate. It is not proposed to take the bill up for consideration by paragraphs until to-morrow.

Mr. HOAR. I think it should be distinctly understood when consent is given that no business, except what connects itself with this bill, is to be taken up this evening.

Mr. HOLMAN. I did not intend to include that in my request.

Mr. REAGAN. If that were the understanding I should be inclined to object. I thing this bill deserves very full debate.

Mr. HOLMAN. The gentleman misapprehends my motion. I am not proposing at this time to close general debate on the bill. I shall, however, to-morrow ask that general debate be closed at a very early hour. I am now simply asking that this afternoon and the evening session be set apart for general debate on this bill.

Mr. REAGAN. I did not misapprehend the gentleman. His indication was that there should be a recess and that debate should go on at the evening session with an understanding that no business should be transacted, which I take it would lead to a thin House; and therefore I would object.

Mr. HOLMAN. I was giving no intimation of that kind. That came from the gentleman from Massachusetts, [Mr. HOAR.]

Mr. HURLBUT. Let it be the understanding that no other business shall be transacted.

Mr. HOLMAN. I suppose it is entirely safe to assume that no other business will be transacted at the evening session; but I cannot speak as to the session to-day.

The SPEAKER *pro tempore*. The gentleman from Indiana, pending the motion that the House resolve itself into Committee of the Whole, asks unanimous consent that at half past four o'clock the House take a recess until half past seven to continue the general debate on this bill.

Mr. RICE. I object.

Mr. HOLMAN. What portion of the proposition does the gentleman object to?

Mr. RICE. I move to amend the gentleman's proposition——

The SPEAKER *pro tempore*. The gentleman from Indiana asks unanimous consent.

Mr. RICE. I object to that for the purpose of getting in my motion.

Mr. HOLMAN. Then I move that the House resolve itself into Committee of the Whole on the post-office appropriation bill.

Mr. RICE. My amendment is that the House resolve itself into Committee of the Whole for the consideration of the bill (H. R. No. 2803) to provide for arrears of pension on account of death or wounds received or disease contracted in the service of the United States since the 4th day of March, 1861, and for the payment of the same. I wish to say in this connection that this bill was made a special order for the 5th of April; and from time to time ever since I have tried to bring it up for consideration.

Mr. HOAR. I rise to a question of order. I submit that a motion to go into Committee of the Whole for the consideration of one subject is not amendable by a motion to go into committee upon another subject. The motion to go into Committee of the Whole is always in the form of a motion to suspend the rules.

The SPEAKER *pro tempore*. The gentleman from Indiana did not propose it in that form.

Mr. HOAR. I understand that is the form of the motion always.

Mr. HOLMAN. I shall have to make a definite motion which will not be subject to objection. I presume that, if the House desires to go into Committee of the Whole to consider the bill which the gentleman from Illinois [Mr. RICE] desires to bring up, then it will only be necessary to vote down my motion. Therefore, as unanimous consent is not given for a session to-night for general debate, I move that the House resolve itself into Committee of the Whole on the post-office appropriation bill.

Mr. RICE. I do not object at all to a session for general debate to-night, but I desire to bring up this bill for consideration. From time to time since the 5th of April it has given way for the consideration of one bill after another, appropriation bills and others.

Mr. HOLMAN. How much time does the gentleman expect to occupy upon that bill?

Mr. RICE. It may perhaps occupy an hour or two; we cannot tell. It is a bill of great importance.

Mr. RUSK. I do not think it will take more than ten minutes to pass the bill.

Mr. RICE. It will take more than that. There are several members who wish to speak upon it. It is a bill which deserves serious consideration, and it ought not to be passed too hurriedly. I have made my motion as an amendment to that of the gentleman from Indiana.

The SPEAKER *pro tempore*. If the motion of the gentleman from Indiana is to suspend all rules and orders to go into Committee of the Whole on the post-office appropriation bill, the Chair would have to hold that motion not amendable. That is the form of motion prescribed by the rules, though that is not the motion made by the gentleman from Indiana in the first instance.

Mr. ROSS. If the motion be made in that form I shall ask the House to vote it down to allow the consideration of this bill.

Mr. HOLMAN. Before that motion is put, without any reference to the question whether the House goes into Committee of the Whole upon one bill or the other, I ask unanimous consent that a recess be taken to-day from half past four o'clock to half past seven o'clock, in order that the evening session may be devoted to general debate on the post-office appropriation bill.

Mr. RICE. I do not object to that.

Mr. HOOKER. I object.

The question being taken on the motion of Mr. HOLMAN that the rules be suspended and the House resolve itself into Committee of the Whole for the consideration of the post-office appropriation bill, there were—ayes 113, noes 63.

Mr. COCHRANE. I demand the yeas and nays.

The yeas and nays were not ordered.

Mr. HEWITT, of Alabama. I demand tellers.

Mr. BANNING. Will not the gentleman from Indiana give way to the gentleman from Illinois for half an hour?

Mr. HOLMAN. I insist on my motion that the House resolve itself into Committee of the Whole for the consideration of the post-office appropriation bill.

Mr. RICE. I ask unanimous consent that the House take a recess at four and a half o'clock, to meet again at half past seven, to consider the bill to which I have referred.

The SPEAKER *pro tempore*. The gentleman's motion is not in order, as the House is dividing.

Mr. HEWITT, of Alabama. I withdraw my demand for tellers.

So the motion was agreed to.

The House accordingly resolved itself into Committee of the Whole on the state of the Union, Mr. SPRINGER in the chair.

POST-OFFICE APPROPRIATION BILL.

The CHAIRMAN. The committee now proceeds to the consideration of a bill (H. R. No. 3263) making appropriations for the service of the Post-Office Department for the fiscal year ending June 30, 1877,

and for other purposes. The bill will be read a first and second time for information.

Mr. HOLMAN. I move by unanimous consent that the first reading of the bill for information be dispensed with.

Mr. DUNNELL. I object.

The Clerk proceeded with the reading of the bill.

Mr. DUNNELL. I withdraw my objection.

The CHAIRMAN. There being no further objection, the first reading of the bill will be dispensed with.

Mr. HOLMAN. Mr. Chairman, quite a number of gentlemen have indicated their wish to address the committee on the subject of this bill, and until those gentlemen have spoken who desire to be heard this afternoon and to-night, if a night session is held, the members of the committee will not desire to present their views in regard to measures of reform which they think have been inaugurated by its provisions.

Mr. HOAR. I am desirous of addressing a question to the gentleman from Indiana who has charge of this post-office appropriation bill.

The CHAIRMAN. Does the gentleman from Indiana yield the floor?

Mr. HOLMAN. I am not asking the floor at this time, nor does any gentleman of the Committee on Appropriations. I understand, however, that quite a number of gentlemen desire to be heard, and at an early moment afterward members of the Committee on Appropriations who desire to present the changes of law proposed in this bill will apply for a hearing.

Mr. HOAR. I rise to ask a question.

Mr. HOLMAN. I will hear the question of the gentleman from Massachusetts.

Mr. HOAR. I desire to make an inquiry of the honorable gentleman from Indiana in relation to a matter which interests very much some skilled manufacturers and laborers in my district and State; and that is, whether the committee have considered the complaint of the envelope manufacturers that the Post-Office Department supplies a large portion of the citizens of the country with envelopes at a loss—the envelopes which contain the printed names, and which these manufacturers claim not only destroy their business by having the business of some of their rivals supported by the Government, but also make a considerable tax upon the Government itself? Now, I desire at some convenient time, and I presume this is as convenient to the gentleman from Indiana as any other, to ask whether the committee have considered and acted on that complaint?

Mr. HOLMAN. I shall have to answer in general that the subject has been considered to some extent by a subcommittee of the Committee on Appropriations; that they have proposed no reform of the existing order of things in this bill.

Mr. HOAR. Will the gentleman allow me to ask him further—I do not wish to inquire into the secrets of the committee—whether that failure to propose reform is because they have not got through dealing with the subject, or whether it is because they think no reform is needed?

Mr. HOLMAN. I could not be able to answer that definitely. The Committee on Appropriations thought the subject more properly belonged to the Committee on the Post-Office and Post-Roads, and they have not been able to give the subject that thorough attention, or that degree of attention, which it required.

Mr. HOAR. Then I am to understand the failure to make provision on that subject in this bill does not arise from the committee's having formed an opinion that nothing ought to be done?

Mr. HOLMAN. No, sir; I will say that the committee have reached no result on the subject whatever.

Mr. WOOD of New York. I hope the Chair will state to the committee the precise question before it.

The CHAIRMAN. The House is in Committee of the Whole on the state of the Union for the purpose of considering the special order, which is the Post-Office appropriation bill. The first reading of the bill by unanimous consent has been dispensed with, and it is now open for general debate.

Mr. REAGAN. The gentleman from Indiana who reports the bill desires to hear discussion by the members of the House and not by members of the committee before the Committee on Appropriations give the House the benefit of their information on the subject.

Mr. HOLMAN. O, no; the gentleman misapprehended my words.

Mr. REAGAN. That is what I understood the gentleman to say.

Mr. HOLMAN. It is directly the reverse of what I said. I understood that quite a number of gentlemen were desirous of being heard on this bill, and that at an early moment afterward the members of the Committee on Appropriations would seek to present to the House the changes of law contemplated by this bill.

Mr. REAGAN. Very well; the gentleman misapprehended what he did say. He said that after having heard speeches, the members of the committee would then seek to be heard. I desired to say then that I desired very much to hear the explanations of the fifth and sixth sections of the bill in reference to the compensation of postmasters, and the seventh and succeeding sections of the bill in reference to the compensation for railroad service. The subjects are placed in a form in the bill so complex and complicated that it is due to the House the committee should give us some information as a basis for the action proposed. In my judgment, some explanation is necessary.

Mr. HOLMAN. I do not know anything more unreasonable than the suggestion of the gentleman from Texas. We expect at an early moment to present facts in reference to the bill. The House has resolved itself into Committee of the Whole, and we take it for granted that the speeches made on the bill during the day will be of a general character. Perhaps they will not be made on the bill at all, and you cannot confine them to the bill. It never has been so done upon a general appropriation bill when first brought up for consideration. I do not presume a speech made to-day will have reference to this bill at all.

Mr. STONE. Mr. Chairman, it is not my purpose to discuss the several items appropriated for the service of the Post-Office Department for the year ending June 30, 1877, those items having been carefully considered by the Committee on Appropriations, although I am firm in the conviction that the large reductions made from the estimates for the postal service for the next year can be sustained by an economical and judicious management of the affairs of the Post-Office Department, such a management as the country has a right to expect from the present Postmaster-General, who justly prides himself upon being a successful business man, and who, in his first annual report, dated November 14, 1874, refers to the desirability of making the Post-Office Department self-sustaining, and says:

> I propose to keep it steadily in view and to direct my best efforts toward its attainment.

A fair measure of success in those efforts can hardly fail to be attained, for the Postmaster-General says further on in the report to which I have just referred:

> I deem it suitable to say here that I propose to guard with strict vigilance the expenditures of this Department, sanctioning no outlay which can be avoided without detriment to the service, and so to conduct its affairs generally that the interests of the public shall be paramount to those of any individual, corporation, or party.

I have no doubt that, with this avowed policy of the Postmaster-General in view, the committee in charge of this bill have been encouraged to cut down the appropriations for the next fiscal year, even though the estimated deficiency submitted by the Postmaster-General for that year is $8,181,602.19, while the estimated deficiency submitted by him for the current year, based upon the administration of his predecessor, was only $7,815,878. The total appropriations made by this bill are $32,189,109

The revenues of the Department and the direct appropriations out of the Treasury amount to 29,508,203

Leaving a deficiency of 2,680,906

to be provided for out of any money in the Treasury.

The difference between the deficiency appropriation made and that estimated by the Postmaster-General will be seen to be $5,500,696.19. And to enable the Postmaster-General to curtail the estimated expenses of his Department to that amount several important provisions have been included in this appropriation bill, to some of which I shall ask the attention of the committee.

Before doing so, however, I will refer to section 4 of the bill, which reads as follows:

> That the annual reports of the Auditor of the Treasury for the Post-Office Department to the Postmaster-General shall show the financial condition of the Post-Office Department at the close of each fiscal year and be made a part of the Postmaster-General's annual report to Congress for that fiscal year.

Mr. Chairman, I desire to lay before this House some facts obtained from a critical examination of the annual reports of the Postmaster-General, of the Third Assistant Postmaster-General, and of the Auditor of the Treasury for the Post-Office Department, which last are made a part of the reports of the Postmaster-General, and from the records of the Department.

Those reports for 1870, 1871, 1872, 1873, 1874, and 1875, to which I have given much study, contain no information which shows the real financial condition of the Post-Office Department at the close of any fiscal year, and the manner of presenting the information the reports do contain is varied from time to time, and stated in such a manner as to prevent almost any person from an attempt to arrive at other conclusions than those expressed by the Postmaster-General himself.

If any gentleman on this floor has had curiosity enough to seek to do this, I am certain that he will agree with me that a more simple and uniform manner of making the report is necessary, and that the real financial condition of the Department should be stated.

In this connection I will call attention to the revenue of the Department, as stated by the Postmaster-General on the first page of his report each year. The Postmaster-General obtains the figures used by him from the Auditor of the Treasury, who by law is required to receive all accounts arising in the Post-Office Department or relative thereto, with the vouchers necessary to a correct adjustment thereof, and to audit and settle the same, and certify their balances to the Postmaster-General.

Many of these accounts from postmasters and others are made directly to the Auditor, and his books must be relied upon for most of the financial statements used by the Postmaster-General in his report, the statements made by the Third Assistant Postmaster-General being in the main from those books.

The Auditor's reports up to and including that for 1869 brought forward each year the balance standing to the credit of the "revenue account" of the Post-Office Department at the close of the previous fiscal year, including the amount of "credit balance accounts" closed by "suspense" during the year, making an estimate of the "bad debts" and "doubtful" or "suspended accounts," and

deducting that sum from the gross balance which his books showed to the credit of the "revenue account," so that the amount reported each year was that known or believed to be available for the payment of the indebtedness of the Department for previous years, it being balances in the Treasury and in the hands of postmasters subject to draft or warrant.

The general ledger of the Auditor's Office shows that there was $1,911,715.92 to the credit of this account on the 30th of June, 1869, while the amount shown by the Auditor's report for that year is $1,019,559.88, the difference of $892,156.04 being the estimated amount of the "bad debts," "suspended accounts," &c.

The singular fact has been developed that this available sum of $1,019,559.88 was *dropped out* by the Auditor in his report for 1870, and no balance is taken up in subsequent reports, which are explained to be a statement of the current receipts and expenditures of the year *only*.

Inasmuch as the Department draws large sums from the Treasury each year in the form of amounts to meet deficiencies, and the available revenues at the close of the year consist in part of such moneys in the Treasury subject to warrant, the question why this available revenue is not reported or taken into consideration in making estimates for succeeding years is a pertinent one.

The only explanation I have been able to obtain from the present Auditor is that Ex-Postmaster-General Creswell wished it dropped, and as the law did not require the Auditor to report balances from year to year, the request of the Postmaster-General was complied with.

In the reports for 1869, 1870, 1871, 1872, and 1873, the ordinary receipts of the Department, as stated by the Postmaster-General, correspond with that reported by the Auditor, both including the revenue from "money-order business," while in 1874 those receipts are stated to be $24,596,568.84 by the Postmaster-General, and $26,471,071.82 by the Auditor, a difference of $1,874,502.98. Of this sum $1,864,499.98 is accounted for by the Postmaster-General, *excluding* the revenue from the "money-order business" of $105,198.12, and the amount received for official postage-stamps of $1,759,301.86, both of which amounts the Auditor *includes*, but this leaves unexplained a difference of $10,003.

Then again in 1875 the Postmaster-General states the revenue to be $26,671,218.50, including the amount received for "official stamps," but excluding the revenue from "money-order business," which was $120,142.19, while the Auditor includes both "official stamps" and the revenue from the "money-order business," and states the ordinary revenue to be $26,791,360.59, or $120,142.19 more than the Postmaster-General.

The different manner of stating the revenue by the Postmaster-General during the last two years to that adopted by the Auditor certainly tends to mislead one who desires to examine into the detailed receipts of the Department.

I have prepared with great care the following statements, and I think they can hardly fail to excite interest. The aggregate amount of receipts from revenue of the Post-Office Department, including amounts drawn from the Treasury under special grants, from July 1, 1868, to June 30, 1875, is $194,482,060.97, and the expenditures of all kinds for the same period aggregate $193,588,792.03. Of the receipts, $156,328,377.20 were from the ordinary revenue of the Department and $38,153,683.77 was from grants drawn from the Treasury for specific objects, and from what are known as "deficiency appropriations."

There remains undrawn of the "deficiency appropriations," as shown by the books of the Auditor's Office, the following amounts, namely:

Deficiency appropriation for—	
1869–'70	
1870–'71	$14,146 38
1871–'72	3,393 98
1872–'73	680,830 11
1873–'74	1,006,574 51
1874–'75	1,097,842 00
Total	2,802,786 98

Leaving balance of undrawn and available deficiency appropriations $2,802,786.98, as stated by the Postmaster-General on page 4 of his report for 1875. From the published reports of the Auditor of the Treasury, which accompany and are made a part of the Postmaster-General's reports, it will be found that the amount "to the credit of the revenue account on July 1, 1869, was $1,019,559.88, as before stated, which, with the excess of revenue in subsequent years (arising from the ordinary receipts and grants drawn from the Treasury) over the reported expenditures made during those years, less the excess of expenditures over such receipts in other years, leaves a balance July 1, 1875, of $893,268.94, and may be stated as follows:

AUDITOR'S REPORTS.

Revenue on hand and available July 1, 1869		$1,019,559 88
Excess of receipts over expenditures as stated in report of 1872		250,984 06
Excess of receipts over expenditures as stated in report of 1874		267,090 79
Total excess of revenue from all sources as stated by Auditor's reports		1,537,634 73
Excess of expenditures over receipts as stated in report of 1870	$204,476 13	
Excess of expenditures over receipts as stated in report of 1871	226,858 66	
Excess of expenditures over receipts as stated in report of 1873	$97,729 10	
Excess of expenditures over receipts as stated in report of 1875	115,301 90	
Total excess of expenditures as stated by Auditor's reports		$644,365 79
Balance available from revenues of the Department from all sources		893,268 94
Available and undrawn deficiency appropriations in the Treasury, as stated by the Postmaster-General, page 4, report of 1875		2,802,786 98
Total amount available, as shown by the Postmaster-General and Auditor's accompanying reports, to pay indebtedness to June 30, 1875		3,696,055 92
Which is stated by the Postmaster-General, on page 4, report of 1875, to be—		
Balance due foreign countries	$93,815 47	
Mail service under contract or recognized, not yet reported for payment	672,755 14	
Mail service unrecognized	762,482 79	
		1,529,060 40
Balance		2,166,995 52
To which may be added the amount certified to by the Treasurer as available and subject to draft June 30, 1875	1,467,767 68	
Less revenue balance, as found from Auditor's reports	893,268 94	
		574,498 74
Total available		2,741,494 26

and not $1,273,726.58, as stated by the Postmaster-General on page 4 of his report for the fiscal year ended June 30, 1875.

The aggregate amount of appropriations from the Treasury to meet the annual deficiencies in the revenues of the Post-Office Department from 1869 to 1875, both inclusive, is $34,752,329, and from the statements of the Auditor accompanying the annual reports of the Postmaster-General for those years it will be found that there has been drawn from the Treasury under those deficiency appropriations $27,572,986.01, leaving unaccounted for in the published statements of the Auditor, submitted to Congress by the Postmaster-General in the appendix to his reports, the sum of $7,179,342.99. The following is the detailed statement made up from reports of the Auditor and the annual deficiency appropriations for 1869, 1870, 1871, 1872, 1873, 1874, and 1875, act of March 3, 1869, and subsequent acts:

Page.		Appropriations.	Expenditures.
314	Volume 15, Statutes at Large	$3,762,500 00	
107	Report for 1869		$2,262,500 00
151	Report for 1870		1,500,000 00
323	Volume 15, Statutes at Large	5,740,000 00	
151	Report for 1870		1,000,000 00
110	Report for 1871		1,050,000 00
224	Report for 1872		68,364 00
194	Report for 1873		152,225 00
273	Report for 1874		3,541 00
519	Volume 16, Statutes at Large	4,685,032 00	
111	Report for 1871		1,650,000 00
224	Report for 1872		416,636 00
194	Report for 1873		978,000 00
273	Report for 1874		1,007,444 86
225	Report for 1875		14,853 62
572	Volume 16, Statutes at Large	3,969,383 00	
225	Report for 1872		3,083,750 00
194	Report for 1873		535,000 00
273	Report for 1874		18,397 66
225	Report for 1875		22,106 02
202	Volume 17, Statutes at Large	5,700,970 00	
195	Report for 1873		3,600,250 00
273	Report for 1874		333,947 56
224	Report for 1875		1,000,000 00
225	Report for 1875		300,000 00
225	Report for 1875		85,942 33
559	Volume 17, Statutes at Large	5,396,602 00	
274	Report for 1874		3,896,602 00
225	Report for 1875		193,425 49
232	Volume 18, Statutes at Large	5,497,842 00	
225	Report for 1875		4,400,000 00
	Total	34,752,329 00	27,572,986 01
	Unaccounted for in published reports		7,179,342 99
	Grand total		34,752,329 00

The actual condition of the several deficiency appropriations is shown by the following detailed statement made from the entries as they appear upon the general ledger in the Auditor's Office:

Deficiency appropriation for 1870	$5,740,000	
Warrants drawn chargeable to 1870		$2,274,130 47
Covered into the Treasury by Auditor August 1, 1872		2,621,636 00
Covered into the Treasury by Postmaster-General January 7, 1874		844,233 53
		5,740,000 00

Deficiency appropriation for 1871		$4,685,032 00	
Warrants drawn and chargeable to 1871	$4,066,934 48		
Covered into the Treasury by Postmaster-General January 7, 1874	603,951 14		
		4,670,885 62	
Balance undrawn of deficiency appropriation for 1871			$14,146 38
Deficiency appropriated for 1872		3,969,383 00	
Warrants drawn chargeable to 1872	$3,659,253 68		
Covered into the Treasury by the Postmaster-General January 7, 1874	306,735 34		
		3,965,989 02	
Balance undrawn of deficiency appropriation for 1872			3,393 98
Deficiency appropriated for 1873		5,700,970 00	
Warrants drawn chargeable to 1873		5,020,139 89	
Balance undrawn of deficiency appropriation for 1873			680,830 11
Deficiency appropriated for 1874		5,396,602 00	
Warrants drawn chargeable to 1874		4,390,027 49	
Balance undrawn of deficiency appropriation for 1874			1,006,574 51
Deficiency appropriated for 1875		5,497,842 00	
Warrants drawn chargeable to 1875		4,400,000 00	
Balance undrawn of deficiency appropriation for 1875			1,097,842 00
Available balance of deficiency appropriations			2,802,786 98

This agrees with the amount reported by the Postmaster-General on page 4 of his report for the year ended June 30, 1875, while an examination of the Auditor's statements furnished to the Postmaster-General and by him laid before Congress will show an apparent balance of deficiency appropriations of $7,179,342.99, as before stated, or, in other words, that sum remains unaccounted for in any manner by said statements.

An abstract from the Postmaster-General's reports for the fiscal years ended June 30, 1869, 1870, 1871, 1872, 1873, 1874, and 1875 exhibits the amount of the several deficiency appropriations, including $1,500,000 available June 30, 1869, which amounts to $32,489,829, and from the same reports the amount drawn from the Treasury under said appropriations to meet deficiencies is $28,611,294.86, of which amount $1,754,920.01 was covered back into the Treasury, as stated on page 5 of the report of the Postmaster-General for the year ended June 30, 1874, leaving an available balance June 30, 1875, so far as any information can be obtained from the Postmaster-General's reports, of $3,878,534.14.

On page 4, however, of his report for that year the Postmaster-General states the available balance of undrawn deficiency appropriations in the Treasury to be $2,802,786.98, which is found to be the correct amount.

From the reports of the Postmaster-General for the years 1869, 1870, 1871, 1872, 1873, 1874, and 1875 of the deficiency appropriations made by Congress and the amounts drawn from those appropriations, the following will be the exhibit:

Page.		Appropriations.	Expenditures.
8	Report for 1869, balance of appropriation	$1,500,000 00	
4	Report for 1870, drawn from Treasury		$1,500,000 00
323	Volume 15 Statutes at Large, amount of deficiency appropriation	5,740,000 00	
4	Report for 1870, drawn from Treasury		1,000,000 00
4	Report for 1871, drawn from Treasury		1,050,000 00
4	Report for 1872, drawn from Treasury		68,364 00
4	Report for 1873, drawn from Treasury		152,225 00
4	Report for 1874, drawn from Treasury		3,541 47
5	Report for 1874, covered into Treasury		844,233 53
519	Volume 16 Statutes at Large, amount of deficiency appropriation	4,685,032 00	
4	Report for 1871, drawn from Treasury		1,650,000 00
4	Report for 1872, drawn from Treasury		416,636 00
4	Report for 1873, drawn from Treasury		978,000 00
4	Report for 1874, drawn from Treasury		1,007,444 86
4	Report for 1875, drawn from Treasury		14,853 62
5	Report for 1874, covered into Treasury		603,951 14
572	Volume 16 Statutes at Large, amount of deficiency appropriation	3,969,383 00	
4	Report for 1872, drawn from Treasury		3,083,750 00
4	Report for 1873, drawn from Treasury		535,000 00
4	Report for 1874, drawn from Treasury		18,397 66
4	Report for 1875, drawn from Treasury		22,106 02
5	Report for 1874, covered into Treasury		306,735 34
202	Volume 17 Statutes at Large, amount of deficiency appropriation	5,700,970 00	
4	Report for 1873, drawn from Treasury		3,600,250 00
4	Report for 1874, drawn from Treasury		333,947 56
4	Report for 1875, drawn from Treasury		1,085,942 33
559	Volume 17 Statutes at Large, amount of deficiency appropriation	5,396,602 00	
4	Report for 1874, drawn from Treasury		3,896,602 00
4	Report for 1875, drawn from Treasury		2,039,314 33
232	Volume 18 Statutes at Large, amount of deficiency appropriation	5,497,842 00	
4	Report for 1875, drawn from Treasury		4,400,000 00
	Total amount of deficiency appropriations	32,489,829 00	
	Total drawn from and covered into Treasury		28,611,294 86
	Balance unaccounted for		3,878,534 14
			32,489,829 00

It will be noticed that the total amount of deficiency appropriations, including the balance of $1,500,000, July 1, 1869, amounts to $32,489,829; that the amount drawn from the Treasury, including the amounts stated by the Postmaster-General to have been covered into the Treasury, is $28,611,294.86. On page 4, report of 1875, the Postmaster-General states that there has been drawn on account of payments for previous years from the deficiency appropriations for 1873-'74 $2,039,314.33; $1,545,888.84 of which amount having been drawn in the fiscal year ended June 30, 1874, and included in amount drawn out of this appropriation during the previous year, which amount is stated by the Postmaster-General to be $3,896,602 on page 4 of his report for 1874; consequently $2,039,314.34 must be deducted, leaving $26,571,980 53

To this sum should be added the amounts actually drawn from the appropriations for 1873 and 1874 in 1875, $193,425.49 and $300,000, aggregating 493,425 49

27,065,406 02

It has been ascertained that on August 1, 1872, the Auditor covered into the Treasury 2,621,636 00

Making the total amount of deficiency appropriations drawn from the Treasury, including amounts accounted for by being covered back into the Treasury. 29,687,042 02

Add to this amount the available balance of deficiency appropriations as stated by the Postmaster-General on page 4 of his report for 1875 ..... 2,802,786 98

Making the total amount of deficiency appropriations as before stated 32,489,829 00

From the statement of the receipts and expenditures of the Post-Office Department, by quarters, as made by the Auditor for the years ended June 30, 1869, 1870, 1871, 1872, 1873, 1874, and 1875, on page 232, report for 1875, the following will be found:

Page.		Receipts.	Expenditures.
110, 111	Report for 1869	$18,344,510 72	$23,698,131 50
155	Report for 1870	19,772,220 65	23,998,837 63
113, 114	Report for 1871	20,037,045 42	24,390,104 08
227, 230	Report for 1872	21,915,426 37	26,658,192 31
197	Report for 1873	22,996,741 57	29,084,945 67
276, 277	Report for 1874	26,471,071 82	32,126,414 58
228, 229	Report for 1875	26,791,360 59	33,611,309 45
	Total receipts from revenue	156,328,377 14	
	Total Treasury grants	37,466,761 66	
106	Balance to credit of revenue account, June 30, 1868, report for 1869	646,249 81	
107	Amount of credit balance accounts closed by "suspense" during the year, report for 1869	40,672 36	
	Total receipts to June 30, 1875	194,482,060 97	
232	Total expenditures as stated in report for 1875		193,567,935 22
107	Amount of accounts closed by being charged to "bad debt account," report for 1869		20,123 93
107	Amount of accounts closed by being charged to "compromise debts account," report for 1869		732 88
	Excess of revenue, and grants from the Treasury, over expenditures as stated in the reports of the Auditor, for years ending June 30, 1869, 1870, 1871, 1872, 1873, 1874, and 1875, including "the credit balance of the revenue account on the 30th day June 1869," $1,019,559.88, as stated in report for 1869		893,268 94
	Total		194,482,060 97

These figures are verified by the statements of the Third Assistant Postmaster-General on page 40, report for 1869; page 33, report for 1870; page 3, report for 1871; page 39, report for 1872; page 21, report for 1873; page 53, report for 1874; page 25, report for 1875, except that it will be found upon reference to pages 52 and 53, report for 1874, that the amount stated as having been received for "newspapers and pamphlets" is $1,392,374.06, and that the statement of the Sixth Auditor on page 276, report for 1874, received for "newspapers and pamphlets" is $1,386,374.06, a difference of $6,000 unaccounted for.

The Sixth Auditor's annual statements of the receipts and expenditures of the Post-Office Department for the years ending June 30, 1869, 1870, 1871, 1872, 1873, 1874, and 1875 show that the appropriations made for "advertising" under sections 3826, 3930, 3931, 3933, 3934, and 3941 of the Revised Statutes modified by an act approved March 3, 1875, making appropriations for the Post-Office Department, will be found to have been exceeded $81,243.82.

This bill appropriates $25,000 for advertising instead of $75,000, as estimated for by the Postmaster-General, and provides that the Postmaster-General shall cause an advertisement of mail-lettings of each State and Territory to be posted up in each post-office therein, to be posted conspicuously for at least sixty days before the time of such letting; but no other advertisement of such lettings shall be required.

This provision is of the greatest importance, as the present law, section 3941 of the Revised Statutes, requires the Postmaster-General

to advertise before making contracts for carrying the mails, once a week for six weeks in one or more, not exceeding five, newspapers published in the State or Territory where the service is to be performed, &c. As a regular mail-letting takes place each year in one section (the country being divided into four sections) and special lettings in almost all the States and Territories annually, the cost of the present method of advertising for mail contracts has been enormous and under it there have been many abuses.

I will cite one instance: On the 30th day of October, 1874, the advertisement for mail contracts in the State of Alabama for one year from July 1, 1875, was sent to the National Republican, published at Selma, Alabama, to be printed in that paper once a week for six consecutive weeks, and on the 21st day of December, 1874, the proprietor of that paper, who was also the postmaster at Talladega, Alabama, was paid $3,768 for the printing. Charges having been made of fraud upon the Department in connection with the insertion of this advertisement, an investigation was ordered by the Postmaster-General, which developed the fact that fourteen hundred sheets of what purported to be a supplement of the National Republican, of Selma, Alabama, containing the advertisement had been printed in a job-office at Selma, for which printing $90 was paid, and these supplements having been distributed for six weeks, two bills were prepared against the Post-Office Department for the work, one for about $2,500 and the other for $3,768, with which the postmaster at Talladega came to Washington. Both bills were submitted to the Auditor of the Treasury for the Post-Office Department, who, finding that in his judgment it was possible to construe the larger amount to be correct under the law, paid it.

In this way a postmaster who was the proprietor of a country newspaper received a profit of $3,678 on one advertisement. Upon the report of these facts by two special agents of the Post-Office Department who made the investigation, the paymaster at Talladega was removed from office and criminal proceedings commenced against him in Alabama. It was, however, found that he could not be prosecuted in Alabama for collecting an alleged fraudulent claim in Washington, and he was re-instated in office. And singular as it may seem the agents who made the investigation, the postmaster who was investigated, and the Auditor who directed the payment of the bill for $3,768 instead of $2,500 are all to-day officers of the Post-Office Department under the Postmaster-General who ordered the investigation.

There can be no question that the advertisements of mail-lettings, if printed on sheets by the Post-Office Department and distributed to every post-office as proposed in this bill, will reach the people directly interested more effectively and with much less cost than the method now in vogue. The Postmaster-General's reports to which I have before referred contain some interesting facts as to the cost of advertising from 1869 to 1875.

The appropriations made by Congress for "advertising" for those years are as follows, and they are correctly stated on the books of the Auditor of the Treasury for the Post-Office Department:

Volume 15, page 55, Statutes at Large	$50,000 00
Volume 15, page 323, Statutes at Large	40,000 00
Volume 16, page 228, Statutes at Large	40,000 00
Volume 16, page 518, Statutes at Large	20,000 00
Volume 16, page 571, Statutes at Large	50,000 00
Volume 17, page 200, Statutes at Large	70,000 00
Volume 17, page 537, Statutes at Large	70,000 00
Volume 18, page 144, Statutes at Large	20,000 00
Volume 18, page 231, Statutes at Large	80,000 00
Volume 18, page 413, Statutes at Large	95,000 00
Total	535,000 00

From the statements of the Sixth Auditor, exhibiting the expenditures of the Post-Office Department under their several heads by quarters for the fiscal years ended June 30, 1869, 1870, 1871, 1872, 1873, 1874, and 1875, will be found the following expenditures for advertising:

Page 111, report for 1869	$79,565 41
Page 155, report for 1870	66,571 80
Page 114, report for 1871	57,459 80
Page 230, report for 1872	53,112 33
Page 197, report for 1873	81,412 60
Page 277, report for 1874	109,740 68
Page 229, report for 1875	168,381 20
Total	616,243 82

Section 3679, Revised Statutes, page 728, recites as follows:

No Department of the Government shall expend in any one fiscal year any sum in excess of appropriations made by Congress for that fiscal year or involve the Government in any contract for the future payment of money in excess of such appropriation. (Act of July 12, 1870.)

The total cost of advertising for the last fiscal year was $168,381.20, and the Auditor of the Treasury for the Post-Office Department officially informs me that $140,000 of the amount was paid on account of mail contracts.

Sections numbered 7, 8, and 9 of the bill establishing the rates of compensation to railroads for transporting the mails are in substance those contained in House bill No. 2137, introduced by me and referred to the Committee on Appropriations, modified to some extent, however, to meet the views of the Postmaster-General and the superintendent of railway mail service, an officer of the Post-Office Department, who, from years of practical experience in connection with that branch of the service, understands the subject fully.

The question of adjusting the pay of railroad companies for carrying the mails upon a basis which shall be just toward the Government and at the same time pay a fair rate to the railroads for the accommodations the Government demands of them, is one of great importance. For a proper understanding of the relations of the Government to this class of mail-contractors it will be necessary to consider the changes which have taken place in the manner of separating or distributing the mails for different sections during the past twelve years. Prior to 1864 this work had been done at certain large post-offices throughout the country, selected by the Postmaster-General to make a detailed distribution of mail for the section immediately about them and to make up packages and bags of mail for other distributing offices. Take, for example, mail from the East for my own State. Under the old system it was collected at the various distributing offices and sent to Chicago or Saint Louis, where separate packages or bags were made up for each post-office in the State. These packages or bags were dispatched over the several railroad lines in charge of baggage-men or officers known as route-agents, who delivered and received the mail in bulk at each station. This manner of distributing the mails caused many vexatious delays, letters often having to pass through several separating or distributing offices and, missing a connection with outgoing trains at each of those offices, arrived at their destination long after a passenger starting at the same time the letters were mailed. This gave rise to constant complaints, especially as clerks at distant distributing offices, finding it impossible to remember the location of the smaller post-offices in a State, would send a letter to Chicago for distribution which should be sent to Saint Louis, or *vice versa*, thereby causing unnecessary delays. To expedite the transmission of mail and relieve the Department from the necessity of increasing the number of distributing offices and building or renting larger post-offices as the business of the country increased became a necessity, and the postal car, or traveling distributing post-office, was introduced and is now in operation on most of the main or trunk lines of railroads. Under this system letters pass from point to point as rapidly as passengers traveling by the same trains, and a letter for a town in Missouri instead of being bagged to Chicago or Saint Louis, to lay there twelve or twenty-four hours, by some clerk in Boston, for example, who, perhaps, never heard before of the town to which the letter is directed, passes now from clerk to clerk until it reaches the hands of one upon a western railroad who handles mail for the place daily and sends it promptly to its destination. This system of distributing the mails while they are in transit requires larger and better mail-cars than were formerly in use.

The volume of mail matter has been from year to year steadily on the increase, as shown by the revenues of the Department derived from the sale of stamps, and stamped envelopes, and postages collected in money.

Those items, as shown by the Postmaster-General's report for 1869, page 112, were, $16,369,886.51; while for 1875, page 230, they were $25,357,276.22; an increase of $8,987,389.71. Of course the trunk lines of railroads, which are the highways of travel and communication between the large cities and the rest of the country, are naturally affected the most by this increased mail, and when gentlemen consider that, instead of increasing the number and size of distributing post-offices at the termini of those trunk lines of railroads, the railroad companies are almost annually called upon by the Government to furnish more car space on their passenger trains to do the distribution of the mail. I think all will be willing to admit that some basis of paying for that space should be fixed which will enable the Department to obtain from the railroad companies necessary accommodations on all trains which the public interests demand should carry mails. In discussing this question I shall assume, first, that it is necessary for the Post-Office Department to have exclusive control of the apartments set aside for the use and transportation of the mails and the agents in charge of the same, and have the right to carry in those apartments all the mail to be transported over the line, be it more or less, within of course the carrying capacity of the car space they occupy; second, that the portion of each passenger train set apart for and run for the exclusive benefit of the Post-Office Department should be paid for at such a rate as will be a fair compensation to the railroad companies for the services rendered by them to the Department.

This subject has been thoroughly investigated and discussed by the Department and by the Senate Select Committee on Transportation Routes to the Seaboard of the Forty-third Congress, who indorse the space basis of adjusting pay, and the Postmaster-General and the officer of the Department known as the superintendent of railway mail service also give it their unqualified indorsement.

So far as I have been able to ascertain, there is no difference of opinion between any of the gentlemen who have studied the subject as to the fairness of the proposition urged by the railroad companies, that the Government should pay for the car space used by them in transporting or distributing the mails.

If these gentlemen are right, and as a business man I do not see how the correctness of their position can be questioned, it only remains to settle what is a fair rate of compensation per foot of car space used exclusively by the Government for the mails. To this point I ask particular attention, for it is one upon which there is a

wide difference of opinion, and I propose to treat it as a simple business proposition. The Government should, I claim, be a preferred customer, and requiring as it does a certain amount of space daily on nearly every passenger-train run, it should pay commutation rates for that space, and at such a figure as would yield the railroads a fair percentage of profit upon the cost of running the portion of the train the Post-Office Department occupied.

We all know that railroads make special commutation rates for persons who travel regularly over their roads, issuing annual or quarterly tickets to them. A passenger occupies a trifle less than one foot of linear full-width car space; and if you are in a position to say to a railroad company that you will arrange to send fifty-five passengers over their road both ways daily, they will furnish a fifty-foot passenger-coach and take the passengers at commutation rates. The Government should be able to engage a car or a part of a car on the same trains at as low a rate per foot of space for each mile the car is run as the commutation rate you would pay per mile for a passenger under the arrangement to which I have just referred. The average weight of men is about one hundred and forty pounds, as shown by Haswell's Engineers and Mechanics' Hand-Book, and fifty-five men at this rate would weigh seventy-seven hundred pounds. As a passenger-coach is much more expensive and is heavier than the average mail-car of the same size, and as few if any mail-cars carry an average weight of over five tons or 10,000 pounds of mail, (which is of course very bulky,) I think the comparison between the rate per foot of car space used for the mails in a passenger-train with the same amount of space in the same train which would be occupied by a passenger a fair one. The best data to be obtained as a guide to what the commutation rate for passengers would be is perhaps to be found in the annual reports of the railroad commissioners appointed by the Legislature of Massachusetts to report annually all facts of public interest in connection with railroads, especially in the New England States. In their seventh annual report, dated January, 1876, these gentlemen, who are not officially connected with railroad companies, and one of whom, Charles F. Adams, jr., has given years of study to the subject, state "the season-ticket rate for long distances to be five and six-tenths mills per mile." Their report made in January, 1874, shows the rate to be six mills, and that is the rate adopted in the bill now before the committee for each foot of car space which may be used by the Government for the mails for each mile the cars are run, attached to trains run regularly at a rate of speed not exceeding twenty-five miles per hour. Trains run for accommodation of passengers at the low rates I have mentioned are slow local trains; and while there can be no question but that they pay on account of the number of passengers carried, (those trains being run only for limited distances in the vicinity of large cities,) they would not pay if run long distances at a high rate of speed and with limited patronage.

It is an admitted fact among railroad men that the cost of running trains at a high rate of speed increases in a much greater ratio than the increase of speed, and it has been claimed by them while this bill has been under consideration that the minimum rate of speed should be lower than twenty-five miles per hour. That minimum has, however, been adopted because it will establish a uniform rate of compensation for the greater part of the service. Comparatively few trains which the Department uses or desires to use being run regularly at a higher rate of speed, the rate of six mills per foot it is believed will pay a profit for service done at the rate of twenty-five miles per hour; and if the roads running those trains get smaller profits than the roads on which the trains run slower they carry more mail, and consequently, furnishing more space and having more custom, can afford to do the work cheaper. That, however, the Department may not be excluded from using the express-trains run at a higher rate of speed than twenty-five miles an hour and at greater cost on account of wear and tear, &c., I introduced for reference to and consideration of the Committee on Appropriations a bill fixing a rate of compensation upon the recommendation of the Postmaster-General, sustained before the committee by strong arguments by Mr. Vail, the superintendent of railway mail service, of seven mills per foot of space furnished on trains run regularly from twenty-five to thirty miles an hour, eight mills for trains run regularly from thirty to thirty-five, and nine mills for trains run regularly above thirty-five miles per hour. These rates have the indorsement of the Postmaster-General and the present superintendent of railway mail service, although the minimum rate recommended by them was six and one-fourth instead of six mills for twenty-five miles and under, seven mills for thirty miles, and an increase of one mill per foot for each five miles per hour of additional speed. That would give ten mills for speed from forty to forty-five miles, eleven mills from forty-five to fifty, twelve mills from fifty to fifty-five, and thirteen mills from fifty-five to sixty miles per hour.

The bill reported by the committee recognizes, however, no higher rate of speed than thirty miles per hour, and will, I believe, result in practically excluding the mails from the express passenger-trains run at a higher rate of speed than thirty miles an hour. It will perhaps be well to state here that the rate demanded by the railroads for all postal-car service has been thirteen mills per linear foot, and that favored by the Senate select committee, before referred to, and Mr. Bangs, the former superintendent of railway mail service, as an average rate was eight mills per linear foot.

I regret that the committee have not deemed it best to adopt a provision to relieve the railroads from doing mail-messenger service for the Post-Office Department; for while it is a comparatively small matter, it has been a just cause of complaint on the part of the railroad companies. The Senate Select Committee on Transportation Routes to the Seaboard say on this subject in their report:

Your committee are of the opinion that the complaint of the railroad companies in respect to their present obligation to transport the mails between stations on the line of their routes and post-offices not more than one-fourth of a mile distant from stations is well founded, and that such service should not be required, inasmuch as it is a service outside of the usual and ordinary business of such companies.

Section 9 provides "that the Postmaster-General is hereby authorized and directed to adjust," &c. This provision will enable him to regulate the amount of space to the necessities of the service, thereby reducing the cost of transporting the mails by railroads to a large amount.

Mr. Chairman, I send to the Clerk's desk letters of the Postmaster-General of date of March 2 and March 22, which I ask to have read and published with my remarks.

The Clerk read as follows:

POST-OFFICE DEPARTMENT,
Washington, D. C., March 2, 1876.

SIR; I have the honor to acknowledge the receipt of the letter from you as chairman of the subcommittee inquiring as to the effect of the passage of a bill inclosed (H. R. No. 2137) to fix the rates of compensation for transporting the mails.

There can be no doubt but that the bill referred to recognizes the true principle upon which the payment to railroad companies for mail transportation should be based.

Under the present system of mail transportation and distribution space is one of the first elements to be considered, as the bulk of the distribution is now performed upon the cars while the mail is in transit, and of course the relations of space necessary and weight carried vary considerably under the different circumstances of the different roads.

Under the present system the compensation for mail transportation is very unequally divided, and oftentimes bears little proportion to the service performed.

Last winter there was proposed an estimate of the cost of mail transportation based upon linear space estimated at eight mills per foot. This estimate covered all roads upon which the pay had been re-adjusted under the law of 1873, with the following results:

Compensation under law of 1873	$7,918,972
Compensation based upon the rate of eight mills per linear foot of car space in actual service	7,581,444

In the bill the rate is fixed at six and seven mills respectively for route-agent and postal cars. The linear space in use is about equally divided between route-agents and postal cars. This would bring the average compensation per linear foot to six and one-half mills; reducing the compensation, computed at eight mills, from $7,581,444 to $6,163,714.

Compensation based upon the rate of six and seven mills respectively per linear foot	$6,163,714
The compensation to railroad companies for mail transportation for the fiscal year ending June 30, 1875, was	$9,216,518
The compensation based upon linear space at the average rate of six and a half mills would be about	7,200,000
A reduction of	2,016,518

In answer to your inquiry relating to the pouches necessary to be sent outside of the mail-cars, no estimate could be made that would be correct, as the number of bags varies with the road, the service upon the route, and the country through which it passes. I think the method of compensating them provided in this bill would be exceedingly difficult to carry out, and would suggest that it be changed to space; that is, every three months estimate the space necessary for that service by inspection, and pay for it at the same rates provided for route-agent cars In the estimate for linear space made above, no reference was had to the width of the apartments for route-agents, nor to superfluous or deficient space.

If any law was passed compensating according to space, this of course would be re-organized, and it is hardly probable that the total space for both, baggage, route-agent, and postal-car service, would increase the expense from $300,000 to $500,000 above the estimate.

Very respectfully,

MARSHALL JEWELL,
Postmaster-General.

POST-OFFICE DEPARTMENT,
Washington, D. C., March 22, 1876.

SIR: I have the honor to acknowledge the receipt of the following letter:

HOUSE OF REPRESENTATIVES,
Washington, D. C., March 17, 1876.

SIR: What will be the entire cost of railroad mail transportation under the features of House bill No. 2137?

What will the terminal and side service cost? What will be the cost of railroad travel for agents?

What will be the probable increase from year to year in mail transportation if House bill No. 2137 is adopted?

What is the estimate for railroad transportation for fiscal year ending June 30, 1877?

Very respectfully,

WM. S. HOLMAN,
Chairman Subcommittee Post-Office Appropriation Bill.

Hon. MARSHALL JEWELL,
Postmaster-General.

In reply the following is submitted: The entire cost of railroad mail transportation under the features of House bill No. 2137 will be from seven millions to seven millions five hundred thousand dollars for the car and apartment service.

The cost of the terminal and side service can be estimated very closely The entire cost for mail-messenger service performed by the Department for the year ending June 30, 1875, was $621,311. This includes the service in all the large cities and at all offices over eighty rods from the railroad depots. The cost of the service now performed by the railroad companies cannot in any case amount to three-fourths of this, after deducting the amount now paid for mail-messenger service at offices upon steamboat routes, which is about $40,000.

This would make the probable cost of the service to be assumed by the Department between four hundred and twenty-five thousand and four hundred and fifty thousand dollars.

The cost of railroad travel for agents under section 4 of this bill will amount to

about $15,000 annually. The Department has now sixty-four agents who are entitled to free transportation and who travel quite extensively. Allowing one hundred miles of travel each working day, which is a very large estimate indeed, the traveling done by each agent would amount to about $220 per annum, or little over $14,000 annually for all. The probable increase from year to year under the feature of space payment will be considerably less than that if the payment for weight carried is continued. The weight of mail steadily increases, and the increase in compensation to railroads for weight carried will not be much less than 10 per cent. each year. The space necessary will not increase in proportion with the weight for reasons set forth in detail upon pages 8, 9, and 10 of accompanying pamphlet, entitled, "Discussion of the proper method of compensation to railroads for the transportation of the mails." In the past the increase in car space from year to year has been slight. If a basis of compensation according to space and speed were adopted, there would be some reduction the first year, from the fact that there are a number of railway post-office lines established upon railroads that were willing to grant facilities that could be abandoned as soon as the Department was put in a position to get from any railroad the facilities desired, and keep that established since June 30, 1875, on the great trunk lines.

The estimated cost of railroad mail transportation for the year ending June 30, 1877, is $10,500,000.

In connection with this I would beg leave to submit the following regarding the general features of a bill governing railroad transportation of the mails. It cannot be doubted but that the space basis is the real method of compensation. It needs no argument in its favor. And this should apply to mails transported in baggage-cars as well as those in mail cars or apartments.

The feature of incorporating lines 9, 10, and 11 in section 2, requiring cars and mail to be put on all trains as the Postmaster-General may direct, &c., will be opposed by all railroad companies, unless there is some provision made for increased compensation for increased speed. We only require this feature of speed to apply to the through or trunk lines in all sections. As for the local service, a uniform rate could apply, but for through mails it is essential that the most direct transit be obtained. The difficulty heretofore has been that, the railroads getting no more for speedy service than for slow; the through postal cars were put upon the trains leaving at hours not the best adapted to the dispatch of mails; while if a simple provision were inserted that in all cases where the service required entire cars (which would only apply to the trunk lines connecting the different sections of country) a minimum compensation should be paid, say for service under twenty-five miles per hour with an increase of speed. This minimum amount should be below that paid for parts of cars, say six and a quarter mills for twenty-five and under, seven mills for thirty miles, and an increase of one mill per foot for each increase above thirty up to and including each five miles per hour additional speed. This feature would then apply to all time, whether the rate per foot or rate of increase be changed or not.

When it is understood that there are comparatively few lines of road upon which the average speed is above twenty-five miles per hour and very few where above thirty miles per hour, your committee will see that the increased expense will be comparatively light, but at the same time it would give the public the benefit of the fastest speed that can be obtained between the distant sections of our country. And also when the fact is considered that these express trains are the ones with which the local trains at all intersecting points connect, the importance of the Department having control of those trains will be seen, and the Department could not get in the best trains except by praying more for fast service than slow without continually having unpleasant friction with the railroad companies, which is always disastrous to a first-class service.

As this bill will probably make provision for the service for years to come, it would be well to recognize this broad feature and put the railroad companies and the Department upon relations that would be as pleasant as possible. They might object to the rate per foot as being too small, but if it recognizes the underlying principles of railroad transportation, the chief difficulty would be removed.

Very respectfully,

MARSHALL JEWELL,
Postmaster General.

Hon. WILLIAM S. HOLMAN,
Chairman Subcommittee Post-Office Appropriation Bill.

Mr. STONE. Sections No. 11, 12, and 13 propose modifications and changes in the laws governing the appointment and salaries of special agents of the Post-Office Department. Those laws are sections 4017, 4019, and 4020 of the Revised Statutes, and it would seem that there should be no misunderstanding as to the salary such agents are entitled to under the law, as section 4017 provides that "such agents shall be entitled to a salary at the rate of not more than $1,600 a year each," and section 4020 that the Postmaster-General may appoint two agents to superintend the railway postal service, each of whom shall be paid out of the appropriation for the transportation of the mail a salary at the rate of $2,500 a year.

The amount which can be paid as salary to agents appointed under the authority conferred by section 4017 is optional with the Postmaster-General, provided he does not pay more than $1,600 a year, while the salaries of the two agents whose employment is authorized by section 4020 are fixed at $2,500, and the duty for which they may be appointed is clearly defined, although whether such agents shall be employed is left to the discretion of the Postmaster-General.

The law provides that special agents shall be allowed for traveling and incidental expenses a sum not exceeding $5 a day, and of late years this has been construed to mean that this per diem allowance can be made for every day in the year without regard to where or how the agent is employed, even though engaged in clerical duty in the Department at Washington or at some place where the agent may reside.

In this way many agents whose compensation as salary is fixed at $1,600 receive in addition during the year $1,825 for per diem allowance for traveling and incidental expenses, when no traveling expenses are incurred and no incidental expenses except such as any clerk or officer of the Government incurs who has a fixed abode, incidental expenses being allowed in many cases in addition to what is really a fixed salary of $3,425, which is certainly a clear violation of law.

While there may possibly be an honest difference of opinion as to the legality of making a daily annual allowance for traveling and incidental expenses where none are incurred, the accountability of officers who have put such a construction upon the law since June, 1874, is clearly shown by the sixth clause of an act making appropriations for the support of the Army, approved June 16, 1874, which will be found on page 72, volume 18, Statutes at Large, part 3, and is as follows:

Provided, That only actual traveling expenses shall be allowed to any person holding employment or appointment under the United States, and all allowances for mileage and transportation in excess of the amount actually paid are hereby declared illegal, and no credit shall be allowed to any disbursing officer of the United States for payment or allowances in violation of this provision.

That this law is applicable to special agents of the Post-Office Department is shown by the seventh section of an act regulating fees and costs, and for other purposes, approved February 22, 1875, and found on page 334 of the volume of the statutes before referred to.

This section expressly exempts only attorneys, marshals, or clerks of courts of the United States, and their assistants or deputies, from the operation of this law, in relation to the allowance of actual expenses, for a period of six months from July 1, 1874, and makes the law applicable to them after January 1, 1875.

The amount of money allowed to persons holding appointments as special agents of the Post-Office Department since July 1, 1874, in direct violation of law, amounts to tens of thousands of dollars, and the persons who are responsible are the Postmaster-General and the Auditor of the Treasury for the Post-Office Department.

From the last annual report of the Postmaster-General I have obtained some facts in relation to special-agent service which are of interest.

On page 17, report for 1875, the Postmaster-General states "the number and aggregate compensation of special agents to be forty-eight, at a cost of $160,923.49;" excess of appropriation, $923.49. In a subsequent statement in detail furnished the Committee on Expenditures in the Post-Office Department taken from the Auditor's books, for the year ended June 30, 1875, the Postmaster-General reports an error in twice charging $250, and states the amount of compensation to be $160,673.49; excess of appropriation, $673.49.

The Postmaster-General's report also furnishes a statement of amount paid special agents, according to Auditor's report, for year ended June 30, 1875, by quarters, as follows:

September 30, 1874	$39,282 01
December 31, 1874	35,673 78
March 31, 1875	38,138 91
June 30, 1875	37,599 08
Total	150,693 78

This shows a difference of $10,229.71 between the amount stated by the Postmaster-General and the Auditor in the published reports.

The Auditor furnishes a subsequent report in detail, which states:

Salary of special agents	$87,481 31
Per diem of special agents	61,840 50
Incidental expenses of special agents	9,746 73
Total	159,068 54

A difference of $8,374.76 between the amount stated in published report and that of the subsequent report in detail, giving the name of each special agent employed, per diem, and incidental expenses.

In this connection I desire to call the attention of Congress and the country to the fact that as now constituted the Office of the Auditor of the Treasury is not a proper check upon the operations of the Post-Office Department. While nominally independent, that officer is to a great extent under the control of the Postmaster-General, and, being brought into almost daily contact with him, the Auditor, if a weak or subservient man, gradually drops into the position of a Bureau officer of the Post-Office Department, and shields himself for irregular or illegal transactions behind the verbal or written orders of the Postmaster-General.

Let me claim your attention while I cite one case in point. The law which I have before referred to (section 4020 of the Revised Statutes) says the Postmaster-General may appoint two special agents at an annual salary of $2,500, with an allowance for traveling and incidental expenses while actively employed in the service of not more than $5 a day. May appoint them for what? "To superintend the railway postal service;" not for any duty the Postmaster-General may see fit to assign them, but for specific, defined duty.

The necessity for more than one agent to superintend the railway postal service with the aid of agents known as assistants has never been recognized by the Postmaster-General. But the law gives him the power to appoint two, and Ex-Postmaster-General Creswell took advantage of the law and appointed a confidential agent to the position; but, there being no necessity for this man's services, or his whole services, to do the work for which the place was created, he was given other duty to perform, in fact made chief of special agents of mail depredations, who are appointed under section 4017 of the Revised Statutes, and for whose payment a special appropriation is made by Congress each year. This man was allowed an annual salary of $2,500 and $5 a day for three hundred and sixty-five days, or $1,825, making a virtual salary of $4,325 with allowances to the amount of hundreds of dollars in addition.

Can any gentleman say that this was not in violation of law? Well, notwithstanding the enactment of the law of June 16, 1874, to which I have directed your attention, the present Postmaster-General, in November, 1874, appointed his confidential agent to this position, and I hold in my hand the official list of special agents, dated August 15, 1875, and signed by Marshall Jewell, Postmaster-General, in which

this agent appears as chief special agent; and upon inquiry I find that what has heretofore been a division of mail depredations under the Second Assistant Postmaster-General has in reality been created a bureau of the Post-Office Department, with this man as a bureau officer, with an annual salary of $4,325 and additional allowances, and that the chief of division for the office of mail depredations, an officer for whose payment an annual salary is appropriated by Congress, has become the chief clerk of that bureau.

In the estimates for appropriations for the fiscal year ending June 30, 1877, page 51 of the letter of the Secretary of the Treasury transmitting estimates for that year, you will find that only $2,000 is asked for the chief of division of mail depredations, which is reducing his salary $500 and putting him on a par with other chief clerks of bureaus in the Post-Office Department; no mention, however, is made of the fact that a person paid $4,325 out of the appropriation for mail transportation is put over this officer, and that what appears to be a reduction of $500 is really an increased expenditure of $3,825. Even now we have a full-fledged bureau in the Post-Office Department over which illegally presides an officer not known to the law, drawing a salary over $800 in excess of the Assistant Postmasters-General, and holding his office at the will and pleasure of the Postmaster-General, while they are appointed by the President and confirmed by the Senate. And this man controls scores of agents, secret as well as those regularly appointed, who at his beck and call investigate the affairs of any of our constituents.

His accounts have each month for over a year been passed by the Auditor and improperly paid out of the appropriation for the transportation of the mail in view of the duties assigned him; and yet, though his position has been officially published, and his office is in the same building and but a few doors away, the Auditor denies all knowledge of this irregular business until within a few weeks past.

Section 4020 of the Revised Statutes, as modified in this bill, fixes a limit to the amount which can be paid for special agents to superintend the transportation of the mails and for special duty in connection with the money-order business. At present there is no limit to the number of these agents, as they are paid out of the appropriation for the transportation of the mails. The amount paid as salaries to persons employed in handling the mails, outside of those regularly employed as clerks in post-offices and for superintending the transportation of the mails, has increased enormously since 1869.

On page 108 of the Postmaster-General's report for 1869, mail-transportation account is charged with the salaries of route, special, and local mail-agents, postal railway clerks, baggage-masters, &c., amounting to $916,804.62; on page 152 of the Postmaster-General's report for 1870 the same items amount to $1,079,890.41. On page 111 of the Postmaster-General's report for 1871 the same items amount to $1,321,694.33; on page 225 of the Postmaster-General's report for 1872 the same items are $1,605,274.98, (including the salaries and per diem of the assistant superintendents of the postal-railway service stated separately in this report for the first time, which are $35,305.66;) on page 195 of the Postmaster-General's report for 1873 the same items are $1,877,521.34, (including the salaries of assistant superintendents of the railway service, amounting to $46,626.96;) on page 275 of the Postmaster-General's report for 1874 the same items are $2,171,862.87, (including the salaries, &c., of the assistant superintendents of postal-railway service, amounting to $56,098.04;) on page 226 of the Postmaster-General's report for 1875 the same items are $2,333,739.55, (including the salaries, &c., of assistant superintendents of postal-railway service, amounting to $53,768.82.)

This item does not, however, represent one-half of the cost of superintending the postal-railway service, it being the compensation of the chiefs or Bureau officers, who have scores of railway postal clerks detailed to do office duty under them and who are paid salaries at the rate of $1,400 per annum. The law authorizing the employment of clerks in railway postal offices is section 4025 of the Revised Statutes. That law is as follows, and it contains no provisions, I claim, which warrant making men employed under it clerks to special agents:

> The Postmaster-General may appoint clerks for the purpose of assorting and distributing the mail in railway post-offices, each of whom shall be paid out of the appropriation for transportaion of the mail a salary at the rate of not more than $1,400 a year each to the head clerks, nor more than $1,200 a year each to the other clerks.

In 1869 there were one superintendent and five assistant superintendents of railway mail service. There are now two superintendents and ten assistant superintendents' salaries charged to mail transportation, and it is proposed to reduce the number to one superintendent and six assistant superintendents. During the past five years distribution schemes covering the whole country have been prepared and printed for the use of those who distribute the mails, and the large number of persons now employed, costing over $125,000 per annum, can hardly be necessary to keep those schemes corrected and see that the railway clerks and route-agents do their work properly.

As an evidence of how utterly unreliable statements made of the liabilities of the Post-Office Department are let me call your attention to page 4 of the Postmaster-General's report for 1872. The estimated liabilities on June 30, 1872, were:

Balances to foreign countries	$197,400 00
Mail service under contract and recognized, but not yet reported	411,635 15
Mail service still unrecognized	185,705 00
Total	794,740 15

Now, turn to page 4 of the report for 1873, and you will find that to pay these estimated liabilities there was drawn from the Treasury of the amount appropriated—

1869-'70	$152,225 00
1870-'71	978,000 00
1871-'72	535,000 00
Making a total drawn, to pay liabilities estimated at $794,740.15, of	1,665,225 00

Among the tens of thousands of Federal office-holders (51,177 in the Post-Office Department) authorized by law there are many who render little if any service to the Government; and I protest against the assumption of the right by the head of any Department to create bureaus and illegally appoint men to take charge of them, and in the interest of a plundered and overtaxed people I protest against the careless and irresponsible manner in which the accounts of the Post-Office Department are settled and reported by the Auditor of the Treasury for the Post-Office Department.

THE ADMISSION OF NEW MEXICO.

Mr. STEVENSON. Mr. Chairman, the bill for the admission of New Mexico now pending before this House, and which has already received the sanction of the Senate, is one of far more than ordinary importance. The question of the admission of a new State to this Republic, clothing it with all of the powers and responsibilities and conferring upon it the dignity of a sovereign American State, is one of great moment both to the Territory making application and to the Government of the United States. In deciding the question in the present instance I trust that considerations other than those of a mere partisan character will convince our judgment and influence our action. A political advantage to either party, as that of securing the electoral vote of the new State, or of two Senators in Congress, or the vote of a Representative upon this floor, will be secured at too great a price, unless the people of New Mexico desire this change in their form of government and are well qualified for the exercise of the high prerogatives of sovereignty.

We are confronted then, sir, at the very threshold of this discussion with the inquiry whether within the limits of this Territory the material prosperity is such and the character and numbers of the population such as to entitle it to the honor of a place among the States of this Union.

Mr. Chairman, an examination of this question has satisfied me that to pass this bill would be an act of mistaken kindness to the citizens of New Mexico, and of gross injustice, irreparable in its character, to the Government of the United States. Will any gentleman upon this floor assign any reason for the statement that the people of this Territory will be benefited by a change from the simple and relatively inexpensive form of government they now enjoy to that of the complicated and expensive machinery of a State government? I frankly confess that this argument would have but little force provided this Territory actually possessed the requisite population and material prosperity to entitle it to the high dignity it seeks at our hands, but in the total absence of these the argument is all-powerful.

Then, sir, placing our advocacy of this bill or opposition to it upon higher grounds than those of mere party advantage, let us in the light of history and guided by the most reliable advices that can be obtained as to the population, prosperity, and probable future of this Territory decide whether this bill should become a law and New Mexico invested with the powers and grave responsibilities of a State.

Mr. Chairman, my opposition to this bill is based mainly, but not wholly, upon the absence of the requisite population in the Territory. New Mexico possesses an area of 121,201 square miles, stretching from the Territory of Colorado upon the north to Texas and Mexico upon the south and Arizona upon the west. Numerous mines of silver, gold, copper, iron, and salt are to be found within its limits. Two great chains of the Cordilleras pass through the eastern portion of the Territory from north to south, while it is watered by the Colorado, the Pecos, the Gila, and the Rio del Norte.

And yet, sir, with the advantages I have mentioned, what has been the progress of this Territory in material wealth and prosperity, in the arts and sciences, in population, in all the elements of power and greatness, in everything that will fit a people for the high exercise of sovereignty, during the last two centuries?

It must be borne in mind, sir, that New Mexico has a history long anterior to that of our Federal Government. As far back as 1595 the viceroy of Mexico, by his envoy, took formal possession of this territory in the name of Spain, and gave it the name of New Mexico. With the exception of an interval extending from 1680 to the year 1698, during which time the natives were in successful revolt against their conquerors this territory remained under Spanish authority and dominion until the year 1846, when it was conquered by United States troops under General Kearney. The celebrated treaty of Guadalupe Hidalgo was entered into in 1848, between commissioners upon the part of the United States and of the republic of Mexico, by the terms of which treaty this territory was ceded to the United States forever; and Congress on the 9th day September, 1850, in pursuance of that treaty, provided New Mexico with its present territorial government.

Mr. Chairman, as we are now considering the propriety of erecting New Mexico into a sovereign State, it is well to inquire what has been the progress of this Territory in all of the elements that are

necessary constituents of a State during the two hundred and sixty-one years that have elapsed since Juan de Onate took possession of it in the name of Spain, and gave it the name it now bears. At the time its present territorial organization was conferred upon it, a little more than a quarter of a century ago, its population was 61,547; ten years later, as shown by the Federal census of 1860, its population had increased but little more than 30,000, it then being 93,516. After another decade of years, as appears by the census of 1870, the population was only 91,874. It is but just, however, to state that between the years 1860 and 1870 a portion of its original territory had been attached to Colorado and Arizona, which will in some measure account for the falling off in population during the ten years immediately preceding the year 1870; but the figures above given show the actual population of the present Territory of New Mexico at the time of taking the last Federal census. It must not be forgotten that the present limits of the Territory of New Mexico embrace an area of 121,201 square miles—an area double that of the State of Illinois and almost three times the size of the State of New York.

Thus we have, sir, a Territory with a population of only 91,874 persons—so far as reliable data can be obtained—applying for admission as a State. But here let us pause for a moment and inquire as to the character, nativity, advancement, and intelligence of this handful of people who seek the honors and responsibilities of statehood at our hands.

Mr. Webster, then a Senator in Congress from Massachusetts, in a speech delivered in the Senate of the United States on the 23d of March, 1848, upon the then recent conquest of California and New Mexico, used the following language, which I will send to the Clerk's desk to have read from the Congressional Globe:

Well, then, as to New Mexico there can be no more people there. The man is ignorant, stupid who has looked at the map of New Mexico and read the accounts of it, who supposes there can be any more people there than there is now—some sixty or seventy thousand. It is an old-settled country, the people living along in the bottom of this valley on the two sides of a little stream, a garter of land only on one side and the other, filled by coarse landholders and miserable peons. It can sustain, not only under this cultivation but under any cultivation that our American race should ever submit to, no more people than there are there now. There will then be two Senators for 60,000 inhabitants in New Mexico to the end of our lives and to the end of the lives of our children.

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Now, of New Mexico. Of that, forty-nine-fiftieths at least is a mere barren waste of desert, plain, or mountain. There is no wood, no timber, little faggots to light a fire carried thirty or forty miles on mules. There is no natural fall of rains as in temperate climates. The place and scene are Asiatic: enormously high mountains running up, some to the height of 10,000 feet, with very narrow valleys at their bases, through which streams trickle along; a garter winds along, through the thread of which runs the Rio Grande from afar in the Rocky Mountains, down to the latitude of about 33°, some three or four hundred miles. There these 60,000 persons are. In the mountains on the right and left are streams whose natural tendencies would be as lateral streams to flow into the Rio Grande, and in certain seasons of the year when the rains have been abundant in the mountains some of them do actually reach the Rio Grande, but the greater part of the year never reach an outlet to the sea. They are absorbed in the sandy and desert plains of the country. There is no culture anywhere save that which can be obtained by artificial watering or irrigation. You can have this along the narrow valley of the Rio Grande, in the gorges of the mountains, where the streams are, but you cannot have it down along the course of those streams that lose themselves in the sands.

Now, sir, there is no public domain in New Mexico. There is not a foot of land to be sold by the Government. There is not an acre that will become ours when the country becomes ours, not an acre. But, more than this, the country is full of people, such as they are. There is not the least thing in it to invite the settlement of our planters or farmers. There will go, I dare say, speculators, traders—some of them adventurers tired of the good country in the valley of the Mississippi who desire to wander; but I undertake to say that there will not be two hundred farmers or planters from the United States in New Mexico in the next fifty years. They cannot live there. Do you suppose they are going to cultivate lands which cannot be made productive in the slightest degree without irrigation? The people that are there produce little and live upon little. I believe the characteristic of our farmers throughout this country is to produce a good deal and consume a good deal. Again, New Mexico is not like Texas. I had hoped and still hope that Texas is to be filled up with a population like ourselves; not by the Spanish race, not by peons, not by coarse, ignorant, vulgar landlords with tribes of slaves around them, predial and otherwise.

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New Mexico is secluded, isolated, a place by itself, in the middle of the mountains, five hundred miles from Texas.

Mr. RUSK. Five hundred miles from the settled portions of Texas.

Mr. WEBSTER. Further from anywhere else! It does not belong anywhere. It has no belongings about it. Sir, at this moment it is absolutely more retired and shut out from communication with the civilized world than the Sandwich Islands or most of the islands in the Pacific Ocean. It presses hard on Typee, and the people are infinitely less elevated in mind and condition than the people of the Sandwich Islands; far less worthy of our association, far less fit to send their Senators here than are the inhabitants of the Sandwich Islands; far less worthy are they than the better class of Indians in our neighborhood. Commend me to the Cherokees, the Choctaws, if you please to speak of the Pawnees, the Blackfeet and the Snake Indians and the Flatheads—anything except the —— Indians, and I am satisfied with them, instead of the people of New Mexico. They have no notions of our institutions or of any free institutions. Have they any notion of popular government? Why, not the slightest; not the slightest on earth. And the question is asked, What will be their constitution? It is farcical to talk of such a people making a constitution. They do not know the meaning of the term. They do not know its import. They know nothing at all about it. And I can tell you, sir, that when we have made it a Territory and wish to make it a State, such a constitution as the executive power of this Government thinks fit to send to them will be sent and adopted. The constitution of our fellow-citizens of New Mexico will be framed in the city of Washington. Now, what says Colonel Hardin in regard to New Mexico, that most lamented and distinguished officer, whom I well knew as a member of the other House, and whose death I did most deeply deplore? He gives a description of New Mexico, and speaks of the people of that country in these terms:

"The people are on a par with their land. One in two hundred or five hundred is rich, and lives like a nabob, the rest are peons, or servants sold for debt, who work for their masters and are as subservient as the slaves of the South, and look like Indians; and, indeed, are not more capable of self-government. One man, Jacobus Sanchez, owns three-fourths of all the land our column has passed over in Mexico. We are told we have seen the best part of Northern Mexico; if so, the whole of it is not worth much."

I need not read the whole extract. He speaks of all Northern Mexico, and New Mexico is not the better of it. Sir, there is a recent traveler, who is not unfriendly to the United States if I may judge from his works, for he commends us everywhere. He is an Englishman, and his name is Ruxton. I believe his work is in the library, and I suppose that gentlemen have seen it. He gives an account of the morals and manners of these people; and, Mr. President and Senators, I will take leave to introduce you to these, your soon to be respected fellow-citizens of New Mexico:

"It is remarkable that, although existing from the earliest times of the colonization of New Mexico, a period of two centuries, in a state of continual hostility with the numerous savage tribes of Indians who surrounded their Territory, and in constant insecurity of life and property from their attacks, being also far removed from the enervating influences of large cities, and in their isolated situation entirely dependent on their own resources, the inhabitants are totally destitute of those qualities which, for the above reasons, we might naturally have expected to distinguish them, and are as deficient in energy of character and physical courage as they are in all the moral and intellectual qualities. In their social state, but one degree removed from the veriest savages, they might take lessons even from these in morality and the conventional decencies of life. Imposing no restraint on their passions, a shameless and universal concubinage exists, and a total disregard of moral law to which it would be impossible to find a parallel in any country calling itself civilized; a want of honorable principle and consummate duplicity and treachery characterize all their dealings. Liars by nature, they are treacherous and faithless to their friends, cowardly and cringing to their enemies; cruel, as all cowards are, they unite savage ferocity with their want of animal courage; as an example of which their recent massacre of Governor Bent and other Americans may be given, one of a hundred instances."

"One out of a hundred instances," and these are soon to be our beloved countrymen!

Mr. President, for a good many years I have struggled to oppose everything that I thought tended to strengthen the arm of Executive power. I think it is growing more and more formidable every day, and I think that yielding to it in this as in other instances will give it strength which it may be hereafter very difficult to resist. I think I see a course adopted that is likely to turn the Constitution under which we live into a deformed monster, into a curse rather than a blessing; into a great frame of unequal government not founded on popular representation, but founded on the grossest inequalities, and I think if it go on—for there is danger that it will go on—that this Government will be broken up. I resist it to-day and always—whoever falls I resist—although I see that all the portents are discouraging. Would to God I could auspicate good influences! Would to God that those who think with me on this subject had stronger support! Would that we could stand where we would desire to stand! But with few, or alone, my position is fixed. If there were time I would gladly awaken the country. I believe the country will be awakened, it may be too late; but, supported or unsupported, by the blessing of God, I shall do my duty. I see well enough all the sinister indications, but I am supported by a deep and conscientious sense of duty, and while supported by that feeling of duty and while such great interests are at stake, I shall defy all augury and ask no omen but my country's cause.

Such were the words of Daniel Webster but little more than a quarter of a century ago, and terrible as was his accusation, it passed unchallenged. But, Mr. Chairman, the present status of New Mexico is the question with which we have now to deal. And first as to its population. Of the 91,874 persons inhabiting this Territory in 1870, 86,254 were natives of the Territory—Spaniards or Mexicans—and only 5,620 foreigners, and of this latter number 3,913 were born in Mexico; thus actually leaving in this Territory a population, exclusive of Mexicans, greasers, and Indians, of less than two thousand persons. The number of families in the Territory was only 21,449, and the number of dwellings 21,053.

But this is not all. Of the entire population of the Territory there were 48,836 persons above the age of ten years who were unable to read, and 52,220 who were unable to write. The census of that year showed that only 29,361 persons were engaged in any permanent employment; and of this number only 18,688 were engaged in agricultural pursuits, of whom 10,847 were laborers, and only 7,629 farmers and planters. Without going further into details I will add that, according to the report of the Commissioner of Indian Affairs for 1874, the number of tribal Indians in the Territory was 25,268, which, of course, are not included in the census above given.

But here, Mr. Chairman, let us ascertain what proportion of this vast area of 121,201 square miles is in actual cultivation. In 1870 the number of acres of improved land in farms was 143,007; the number of farms 4,480, of which latter number 1,345 contained each less than ten acres. The productions of the Territory for the year 1870 were 352,822 bushels of wheat, 42 bushels of rye, 640,823 bushels of Indian corn, 67,660 bushels of oats, 3,876 bushels of barley, &c. And of this vast area 10,000 square miles is a large estimate for the land that is or can be made productive. Every acre must be irrigated. The only land fitted for cultivation is located in the valleys by the streams, nearly all of which is occupied by Mexicans. It is possible, sir, that New Mexico may, under the most favorable circumstances, by the year 1900, contain a population of 150,000; and it will then contain all of the population of a permanent character that it can possibly sustain. I would not underrate its mining interests, but we have the history of Nevada as a proof that rich mines do not add largely to the permanent population of a State. In the year 1870 the total valuation of the real estate of the Territory was only $9,917,991; of the personal property, $7,866,023; total valuation of real and personal property only $17,784,014.

Now, sir, as this bill seeks to transform this Territory into a State, and as intelligence is the very corner-stone and life of popular government, let us inquire what are the facilities within the limits of New Mexico for the education of its youth. The statistics for the year 1873 show that the total number of schools in the Territory during that year, including public, private, and Pueblo schools, was only 164; the total number of pupils in attendance upon all of these schools

7,102; and the entire corps of teachers only 196. And, sir, of the entire number of public schools in the Territory only 10 were taught in English, while 111 were taught in the Spanish language.

Mr. Chairman, it may be well to inquire what advancement has been made by other portions of this continent while New Mexico has thus slumbered for two centuries undisturbed by the wheels of progress? The State which I have the honor in part to represent, with an area less than one-half of that of New Mexico, is now the fourth in population. At the time of its territorial organization its total population was but 12,282 persons, and now, after a lapse of but little more than half a century, it contains within its limits a population of near three million souls; and during the decade of years immediately preceding the taking of the last Federal census, the increase in population was a little more than 48 per cent. As shown by the census of 1870, it contained more acres of improved land and produced more oats, Indian corn, and wheat than any of its sister States. It contained 10,329,952 acres of improved land and 202,803 cultivated farms. In 1850, when New Mexico received its present territorial government, Illinois contained but one hundred and eleven miles of railroad, while to-day it contains more than any other State of this Union. In 1840 the total valuation of its property, real and personal, was but $58,752,168, while one-third of a century later it had reached the enormous sum of $1,341,361,842.

Such, Mr. Chairman, are some of the evidences of its material wealth and prosperity. But in the higher realms of intellectual advancement is to be found the true wealth of a State. In addition to its colleges and universities, Illinois in 1870 gave employment to 24,056 teachers, and its 11,835 public and private schools were attended by 767,775 pupils. Sir, I disclaim any intention of making an invidious comparison between the State of Illinois and the Territory of New Mexico. But fidelity to the people who have sent me to this Hall demands that the facts of history should be made known, and a solemn protest entered against any legislation that will give to New Mexico, with its 90,000 inhabitants, an equal representation in the higher branch of our National Legislature with the 3,000,000 of people of my own State.

But if it be unjust to test the progress and attainments of New Mexico by that of the great State of Illinois, let the comparison be made with a single one of the five counties constituting the district which I have the honor to represent upon this floor.

The county of McLean, with an area of 1,132 square miles, contains a population of more than sixty thousand inhabitants. It produced in the year 1870 212,756 bushels of wheat, 39,824 bushels of rye, 911,127 bushels of oats, 36,072 bushels of barley, and 3,723,379 bushels of Indian corn. In the year 1875 the number of free schools in the county was 254, in addition to its colleges and universities, while the pupils in attendance upon all of its institutions of learning aggregated more than fifteen thousand.

This, sir, is the population, the material wealth, and these the products and the facilities for education of one county—a single one of the one hundred counties—constituting the State of Illinois. And yet this bill proposes to constitute New Mexico, with one-half of the number of public schools and less than one-twentieth of the population, exclusive of Indians and Mexicans, of this single county—A STATE.

Mr. Chairman, the facts I have given, compiled from official sources, need no comment; and if it be true that the education of the people is necessary in order to a proper exercise of the high prerogatives of citizenship, then how startling the fact that within the Territory of New Mexico—more than double in area that of New England—there are only one hundred and sixty-four schools, of which number one hundred and eleven are taught in the Spanish language.

Mr. Chairman, I have said that New Mexico has a history of two hundred and sixty-one years, extending further back than the time of the first settlement at Jamestown, Virginia, or the landing of the pilgrims at Plymouth Rock. It had been taken possession of by the Spaniards and christened with its present name more than a century and a half before Daniel Boone entered the forests of Kentucky, or the daring George Rogers Clarke penetrated the wilds of Illinois to the banks of the Mississippi and planted the American flag over the French villages. Can any friend of this bill explain to this House why it is that during the two centuries and a half that have passed since New Mexico first had a history it has thus lagged behind in the great march of civilization while all other portions of the North American continent have made such gigantic strides in material wealth and greatness? Sir, if this bill passes this House, then so long as this Republic may endure, New Mexico, with its handful of population, of less than one inhabitant to each square mile of territory, is to have a representation in one branch of our national Congress equal to that of the most populous State of this Union.

It is true, sir, that the provision granting to the States of the Union equal representation in the Senate is one of the compromises of the Constitution. The justice and propriety of its incorporation were doubted by many of the framers of that instrument. The main purpose of its adoption was to remove the jealousy and distrust felt by the smaller toward the larger States by giving them equal power in the Senate, and thus at a critical moment in our history to induce them to become integral parts of the new Federal Government. Thus Delaware and Rhode Island were given the same representation in the less popular branch of Congress with Massachusetts and Virginia. And yet, accustomed as we are to the fact, it nevertheless seems an anomaly in representative government that, while Delaware, Illinois, and New York have each two Senators upon the floor of the other Hall of this Capitol, yet here in the popular branch of the American Congress Illinois has a representation nineteen and New York thirty-three times as great as that of the State of Delaware. Of this, sir, I make no complaint. It is one of the compromises of the Constitution, entered into in a spirit of conciliation and wisdom by the framers of that instrument, and palsied be the arm that would strike it from our Federal compact. But while this is true, in the name of the great State which I have the honor in part to represent upon this floor, I enter my solemn protest against the passage of a bill which will give to New Mexico, with its 90,000 inhabitants, including Mexicans and greasers, an equal representation in the Senate of the United States with the 3,000,000 people of the State of Illinois.

Mr. Chairman, it will be urged by the advocates of this bill that by the admission of Nevada and other Territories Congress has established a precedent under which New Mexico should be admitted. Taking Nevada for an illustration I concede that the precedent has been established. The question with us is, shall it be followed? Is it the part of statesmanship to follow a vicious precedent in legislation or to discard it? Sir, of all the dangerous uses of legislative power ever exercised by Congress in order to subserve mere partisan purposes I know of none that will stand less chance of justification in history than that of the dominant party in the admission of Nevada as a State of this Union.

The Federal census for 1870 shows the population of the State of Nevada, exclusive of tribal Indians, to be only 42,491 persons, and of this number thirty-one hundred and fifty-two were Chinese. What party exigency or necessity could justify the act by which this handful of people were granted the prerogatives and powers of a State? A population less than one-third of that of the district which I represent, and but little more than one-half of that of the county in which I reside. And yet these 42,491 persons, Chinese included, have a representation in the other wing of this Capitol equal to that of Pennsylvania or New York.

Mr. Chairman, the legislation by which Nevada became a State is as immutable as the laws of the Medes and Persians. Its rights as such cannot now be challenged. We have no disposition, no power to undo what has been done, but we have the power to prevent a repetition. Where, sir, can be the necessity or the justice of transforming into a State any Territory with a population less than that necessary to give a State an additional Representative upon this floor? The ratio of representation in the lower House of Congress by the apportionment made under the Federal census of 1870 is one Representative for every 137,000 inhabitants. But under this bill New Mexico, with a population of forty-seven thousand less than that represented by each member upon this floor, is to have in the Senate of the United States equal representation, equal voice, and equal power with the three millions of people of Illinois or the five millions of the State of New York. Whatever course has been pursued in the past, I am confident that the time has now come when it should be the established policy of this Government to admit to this Union no Territory with a population less than the prescribed ratio of representation for the States.

Mr. Chairman, if this bill becomes a law, and the precedent thus established be followed in the future, what must be the inevitable result? If ninety thousand persons, with only forty-four hundred and eighty farms; with a taxable property, real and personal, aggregating only $17,784,014; with only ten public schools taught in our own language for the education of the youth—if these shall constitute a STATE, who can tell, what imagination can conceive what will be the number and what the character of the States of our Federal Union when another half century shall have been added to our history? The seat of empire will not only have been transferred from our eastern seaboard far beyond the valley of the Mississippi, but in one branch of our national Legislature the numerical power will abide in the innumerable States yet to be carved out of our vast western domain. If this bill becomes a law it gives strength to a dangerous precedent, one that may return often to torment its inventors.

Mr. Chairman, when this bill, or one similar in its provisions, was discussed in the last Congress, it was strenuously insisted that New Mexico had a right under the Guadalupe Hidalgo treaty to demand admission into the Union, and that it would be a violation of plighted faith upon the part of the United States to refuse her such admission. If such were the fact I would prefer that this bill should pass, rather than that the Government should be guilty of violating the letter or spirit of its treaty. I do not underrate the importance of a sacred observance of our national faith. But, sir, to defeat this bill and postpone her admission until she possesses all of the necessary requirements will not be an act of bad faith toward New Mexico. There is not in that treaty a line or syllable which, by any reasonable construction, militates against the right of Congress to decide as to the time when or the conditions upon which New Mexico should be admitted as a State. To have yielded this right by treaty or stipulation would have been an act of folly hardly equaled in our political history.

Necessarily, the power to decide when any Territory shall be admitted and the conditions of its admission must rest in Congress as the representative of the Government. To deny this right would deprive Congress of one of its highest and most essential attributes. And I insist, sir, that there is nothing in the treaty to which I have referred that can prevent Congress from exercising the same discretion, the

same right of judging as to the qualifications of New Mexico for admission that would be exercised upon the application of any other Territory. Certainly it could never have been intended that Congress should by any treaty or stipulation divest itself of the important prerogative of deciding what qualifications, what attainments, were necessary in order to entitle New Mexico to become an independent State.

I insist, then, sir, that the action of Congress upon this question has not been forestalled. New Mexico, as an applicant for admission into this Union, must rest her claim upon a more tenable foundation than that of a vested right under the treaty with our Government. Her claim and only claim for admission must rest upon her advancement, material prosperity, and the number of her people and their capacity for self-government. If these be wanting, there can be no doubt as to what should be the decision of this House. From an examination of these questions I am fully persuaded, Mr. Chairman, that the time has not yet come when New Mexico is entitled to the position of a sovereign independent State of this Union.

Let it be the settled, the undeviating policy of our Government to admit no State to this Republic until it possesses the requisite population and material prosperity to entitle it to such pre-eminence; nay more, until the education, the intelligence of the people fit them for the proper exercise of sovereign power.

In the light of the facts I have mentioned, is it meet and proper, Mr. Chairman, that New Mexico should be accorded the high honor of being known in history as the centennial State of the great American Republic?

Mr. Chairman, during the few moments of time yet allotted me, I desire to refer briefly to another subject. The period through which we are now passing will be known as that of corruption and maladministration in Government; of peculation and venality in all of the avenues of official service, avenues leading too often, alas, to the high places of power. The demand is now more imperative than ever before for *reform;* reform in all Departments of the service; economy in all of the expenditures of the Government. Such is the stringency in our finances to-day, that all, in palace and in hovel alike, are compelled by inexorable necessity to reduce the ordinary expenses of living. The same rule of retrenchment thus demanded in private life must be applied with an unrelenting hand to all who occupy positions of official station or power. Let it be said to the credit of the lower House of the present Congress that it did not swerve from the path of imperative duty, but that while reducing the salaries and compensation of others the sum of near $200,000 per annum was saved to the people by the reduction of the salaries of Senators and Representatives.

But more important still is the fact that the appropriation bills that have thus far passed this House, with the estimates of the Committee on Appropriations of the bills yet to be reported, show a saving in the aggregate to the Treasury for the coming fiscal year of over $30,000,000 as compared with the appropriations for the same purposes made by the last Congress.

Sir, the work of retrenchment has not begun too soon. While private expenses are being curtailed, and economy almost unparalleled is being practiced by the people, why should not the same rule be applied to governmental expenditures? It is only by cutting off expenses wherever it can be done without detriment to the proper administration of the Government, here reducing a salary and there abolishing an unnecessary office, that the sum of $30,000,000 per annum can be saved to our National Treasury. Is there not food for reflection in the fact that during the last eleven years the aggregate Federal taxation exceeds the enormous sum of $4,500,000,000, an amount double that of our national debt? And yet how striking the disproportion between the amount received into our Treasury and that actually applied toward the extinction of our national debt.

I repeat, sir, that national economy is now a paramount necessity. This Government cannot permanently endure unless a check be placed upon the reckless extravagance and consequent demoralization that have been a part of its history during the last decade of years. Mr. Chairman, in view of these facts the importance of the legislation to which I have referred, reducing the governmental expenditures, cannot be overestimated. With it as a starting point, I trust that we may as a people soon emerge from the shadows which have darkened our national horizon by an era of official corruption, extravagance, and venality heretofore unknown in the history of any people.

Mr. Chairman, with the industries of the country paralyzed, with capital idle and labor seeking employment, with the constant recurrence of financial disaster in the marts of business, with an entire people groaning under the burden of debt and taxation, and thousands reduced to beggary, there is in all portions of this land an undefined feeling of dread as to the future. For these evils there must be a cause. I cannot but believe that the act passed in the closing hours of the last Congress providing for a forced return to specie payments on the 1st day of January, 1879, is in a large degree responsible for the financial disaster which has now overtaken us. That measure was enacted, as it was then declared, in order that the republican party might have a "policy" upon the question of finance. It gave them a policy, but at the expense of untold disaster to the country.

Sir, whatever may be the legislation upon this question hereafter, and I know the problem is one difficult of solution, I am confident that, if we would avoid still further prostration of business and still greater evils, the Sherman resumption law *should now be repealed.* Such are my firm convictions, and I have from the beginning of my service in this House given my support to every measure looking to its repeal.

Mr. Chairman, the thousands and tens of thousands of petitions sent to this Congress praying for the repeal of this act attest in unmistakable language the deep convictions of the people as to the evils it has brought upon them. And whatever political party arrays itself in opposition to the repeal of this law and the relief of the people, will be ground to powder in the coming struggle for political supremacy.

OUR INDUSTRIES, AS THEY RELATE TO FINANCE.

Mr. HARRIS, of Georgia. Mr. Chairman, the question which should, above all others, in my humble judgment, engage the earnest attention of this Congress, is that of the universal suffering and distress which pervade the country. Our entire business system, sir, seems to be struggling in the throes of dissolution. Upon the countenances of men everywhere, and in every condition of life, may be seen settled expressions of gloom and despair, indicating too plainly to be misinterpreted not only their present suffering, but the painful apprehension with which they regard the future. Three years ago a stringency (as financiers term it) came creeping over the land, producing sudden suspension of business, and culminating finally in just such a financial panic as was never before known in the history of American institutions. And while it is true, sir, that the great convulsion itself has measurably subsided, it has left the forces that generated it still in existence, actively operating and threatening to overwhelm the people with still greater prostration of their commercial and industrial interests. To-day, sir, every industry and every branch of trade in the land is paralyzed to a greater or less degree. Our furnaces are cold, our factories still, our ships idle, our vast beds of iron and coal resting undisturbed by the hand of labor, our grain in the West wasting upon the hands of the farmer, and our cotton plantations bankrupting their owners for the want of remunerative prices for their great staple.

Thus we find our country, with resources greater in extent and richer in variety and value than those of any other portion of the habitable globe, with millions of its population to-day without employment, and, as a consequence thereof, in want of food and clothing. Let me ask, Mr. Chairman, is there no cure for these widespread ills? Are not the patriotism and wisdom of our statesmanship equal to the task of arresting them for the present and of preventing them for the future? These questions are being asked by the constituents of every Representative on this floor, and those who ask them demand and are justly entitled to an answer. Will we give it? And, if so, it well becomes us to inquire the cause at once, seek out the remedy, and apply it with all possible diligence.

No one, I think, will for a moment deny that the principal cause is the prostration of

OUR PRODUCTIVE INDUSTRIES.

The best standard of estimating the extent and nature of the decline in these various industries is the amount and value of our foreign exports. The Secretary of the Treasury, in his last annual report to Congress, tells us that the exports of our domestic products alone have decreased in value for the last fiscal year to the extent of $70,149,321. Now, let us examine and see in what this deficit consists. The Secretary says there was a decrease in value of the following articles, to wit:

Agricultural implements, $464,381; hogs, $886,622; bacon and hams, $4,771,295; Indian corn, $313,024; wheat, $41,813,596; Indian-corn meal, $238,866; rye, $1,363,792; railroad-cars, $641,037; coal, $1,183,211; raw cotton, $20,584,955; hemp, and manufactures of hemp, $243,898; oils, $10,530,594; spirits of turpentine, $834,389; tallow, $2,443,117; tobacco, $5,157,632; sailing-vessels, $617,528; staves and timbers, $3,281,388; wool and other manufactures, $322,256.

This decrease in the exports of domestic products, when added to the increased export of coin, amounts in the aggregate to the enormous sum of $121,193,298.

And this vast sum was lost to the industries of our country in one year. Now, it behooves us to ascertain, if it be possible, the true cause of this alarming decrease in the value of the exports of our domestic products. It has been attributed by some to overproduction. In other words, that the world is producing more than it consumes, and that, consequently, these products are worthless, and wasting on the hands of the producers. I propose to show, Mr. Chairman, that it is not true that overproduction has, in any way, contributed to our present troubles. To ascribe them to overproduction is, in effect, to say that industry and enterprise have made us poor. How can gentlemen make such an assertion, when statistics show that in the last twenty years we have imported over $1,000,000,000 in excess of what we were able to pay by sale of exports?

In the report of the Secretary of the Treasury for the year 1873, I find the following language:

> The balance of trade in merchandise has been largely against the United States for many years, and the country has exported during the twenty years, ending with the last fiscal year, gold and silver to the extent of more than a thousand millions of dollars over and above the amount imported.

Thus it is most conclusively shown that *overimportation* and *underproduction* are the real causes.

But, again, it is equally evident, as you will perceive from the following exhibit, that consumption is and has been steadily increasing throughout the world.

In the year 1859 the exports of domestic products from France amounted in value to $253,292,400, and in 1873 they were $718,716,800. In 1865 the total exports of Austria were $170,340,670, and in 1872 $191,090,630. In 1864 Belgium exported to Great Britain $20,871,105, and in 1872 her total exports were $210,226,000. In 1864 Denmark exported to Great Britain $11,211,500, in 1873 $17,855,695; and this was principally wheat. In 1864 Germany exported to England $73,981,675, and in 1873 $99,632,255; and the largest item of these exports was wheat. In 1863 Russia exported $111,665,000, and in 1872 $246,645,265. In 1864 England exported $902,245,000, and in 1873 $1,275,823,015.

Thus I find, Mr. Chairman, in all of those countries a steady increase in the value of their exports, amounting to nearly 100 per cent. On turning to the value of the exports of our own country, I find that in 1869 the United States exported $439,134,529, and in 1875 $499,284,100; an increase of less than 7 per cent. This exhibit shows conclusively that the demand, so far from diminishing, is greatly on the increase, and that from some cause we have not supplied this demand in the ratio of other countries. Again, I find that France in fourteen years increased her annual exports from $253,292,400 to $718,716,800, and yet the total value of her annual industrial products is only $1,900,000,000, while that of the United States is $4,232,325,000. Since 1860, a period of fifteen years, we have quadrupled our products, and yet the increased value of our exports has been but a little more than $100,000,000. I also find, Mr. Chairman, that the population of the world steadily increases; and, of course, this increase of population necessarily creates a corresponding increase in the demand for food and clothing. And still, in the face of this fact, the Secretary of the Treasury tells us that the export of wheat alone from this country has fallen off $41,000,000 during the last fiscal year, and that of raw cotton $20,000,000. In the year 1860, and for many years prior thereto, we enjoyed almost an entire monopoly of the

COTTON TRADE

in the markets of the world. Since then, the consumption of cotton has nearly doubled, and yet our exportation of that article has declined almost one-half. Now, what is the cause of this? If we examine the foreign-trade statistics, we find that the export of cotton from India, Brazil, and Egypt has increased nearly 300 per cent., and that this increase is steadily driving American cotton out of the foreign markets. Only a few years ago, we held an equal control of the grain markets.

THE WHEAT, CORN, AND PROVISIONS OF THE WEST

found ready sale in almost every kingdom of Europe. We then enjoyed at home a degree of independence and prosperity which, while it even astonished ourselves, made us the envy of every other nation of the earth. It was our proud boast that America could feed the world and that our "cotton was king." Content with this feeling of self-sufficiency, we did nothing to assure the commercial supremacy which we then held. Accepting the fallacy that railroads had superseded all other means of transportation, without proper investigation we suffered our internal navigation to fall largely into disuse. Our rivers being neglected and suffered to remain or to become obstructed, the whole carrying business passed into the hands of railroad monopolies and foreign ship-owners. Although the tide of immigration still flowed to us, yet just then our prosperity began to decline. While we were thus neglecting our domestic productions, and failing to secure for them the natural and cheaper means of transportation, let us see what was the policy pursued by other countries. Take England, for example. Her India provinces were well adapted to the growth of cotton. Efforts to produce it had proved successful, but the great difficulty in the way of utilizing it in the manufacture of her fabrics was the cost of transportation from the interior to the seaboard. This item of expense was so great as to prevent competition with our cotton. We in America ridiculed the idea that a staple so *inferior in quality* and *so high in price* could ever supersede the *superior* and *cheaper staple* of our more favored land. So well satisfied were we with our great advantages in supplying the markets of the world with this great staple, that, like the hare in the fable, we went to sleep, and left the race uncontested, while the tortoise (England) moved steadily along. Conscious of her great advantage in her *low rate of interest* on *loanable capital*, she saw the importance of improving the quality and reducing the cost of producing India cotton. She at once inaugurated an enlightened and liberal system for the improvement of her *internal navigation*. To carry out her policy of encouraging the production of cotton in India for the supply of her factories at home, she guaranteed the interest on an expenditure of over $400,000,000 for the improvement of internal transportation in those distant colonies.

Now, let us see the result of her policy as exhibited by the receipts of cotton in Great Britain in 1860 compared with 1872:

COTTON.

From—	1860.	1872.
	Pounds.	*Pounds.*
United States	1,115,890,608	625,000,080
All other countries	275,480,144	783,237,392

Our exports of raw cotton have fallen off, as previously stated, nearly 50 per cent., while other countries have gained nearly 300 per cent.

So complete has been England's success in this direction that to-day India sells more cotton in the European markets than we do. She is sparing no pains and no outlay of money to make herself mistress of the cotton market, and she is gradually accomplishing her purpose. In view of what she has already done, I here put upon record the assertion, Mr. Chairman, that, unless we take immediate steps to re-instate our own product, the day is not remote when we will not only see our staple entirely driven out of European markets, but we will find England an active competitor in our home markets. Unless the present tendency to increase in the cost of producing cotton in this country can be checked and that cost lessened to a considerable extent, many who listen to me to-day will live to see raw cotton imported from India, Egypt, and Brazil, and sold in the cities of New York and Boston.

Why, sir, be not surprised when I tell you that this very thing is already begun. In 1874, 3,625,830 pounds of raw cotton were imported into the United States, some of it brought here from far-off China and the East Indies. And even this small beginning has robbed those who labor in the cotton-fields of the South of about $1,000,000, (it being of the long-staple variety of cotton and valued at about thirty cents per pound.)

Now, Mr. Chairman, let us look for a cure for this. Those who contend that overproduction is the cause of our financial prostration tell us that the *remedy is to produce less*. They advise the cotton-planter to reduce the production to one-half of the present amount and he will realize as much for it as he does for a full crop! Do such counselors stop to reflect that India, Egypt, and Brazil already export and sell nearly three times as much cotton as they did in 1860, while we export less than one-half of what we did then? Do they remember the significant fact that raw cotton has already been sold in our markets which was produced in foreign countries, and that Egyptian cotton has not only driven our hitherto famous sea-island cotton entirely out of the foreign markets, but threatens to destroy the production of that valuable staple upon the coast of Georgia and South Carolina?

Twenty years ago the sea islands of Georgia and South Carolina were mines of wealth to their owners. To-day they are to a large extent abandoned and gone to waste. Lands which at that time were held almost above price would now scarcely bring in the market $3 per acre. No, sir; the real cause of all this is that they produce cotton in India, Brazil, and Egypt, and elsewhere *cheaper* than we do, and hence are enabled to undersell us in the markets and take our profits away. Under this state of facts, the truth of which cannot be denied, we are obliged to accept one of two alternatives.

We must either abandon the production of cotton as an article of export or we must produce it at less cost. Let us consider the first proposition. Suppose we abandon the culture of cotton, what can we substitute in its place? Will you say corn and wheat? Why, we are told that corn is sometimes burned for fuel in the West; and we know that the export of wheat has fallen off the past year $41,000,000. If, then, we direct the labor of the country to the production of more corn and wheat, where will we find a market for its sale? And what then will be our means of procuring other needed supplies? And, beside this, we already have a striking example of what the abandonment of the culture of our cotton would result in. The growing of sea-island cotton on the coast of Georgia has been largely abandoned and nothing substituted in its place. As a consequence, ruin and desolation have fallen upon that section. No, sir, let me repeat, if we would regain our former prosperity, if we would re-instate our supremacy in the cotton market, we must produce cheaper than our competitors. And to do this we must avail ourselves of the same means which they have adopted.

Now, let us turn our attention for a moment to the almost boundless prairies of the West—the great granary of the world, as we once boasted it to be. Does any one deny that on these fertile plains, with a *fair rate of interest on money* and *reasonable rates of transportation*, all of the cereal crops can be produced and sold in the markets as cheap or even cheaper than any other portion of the globe? The man who doubts this would be laughed at as the veriest simpleton. Do we not know that the West, with all the disadvantages which at present depress her energies and enterprise, is still producing a vast surplus of supplies over and above what she is able to get to market? Official figures demonstrate that Illinois alone, with full development, is capable of producing *surplus food* sufficient to feed 10,000,000 of people. Then why do we not make and sell more of these products? Almost the whole of Europe, except Sweden, Norway, Denmark, and Russia, import breadstuffs. England alone buys annually two hundred and fifty-eight million six hundred and ninety-nine thousand and fifty-five dollars' worth of wheat and corn; and of this vast amount in 1873 the United States furnished less than one-fourth, or only about $64,000,000; and this fact is singularly striking and unfortunate when we at the same time consider that we buy more of England's products than any other country. Why is this? The answer is simply that other countries produce these breadstuffs and sell them to England cheaper than we do.

We once held the same monopoly of the grain trade that we did of the cotton trade. Then our corn, wheat, and cotton found ready sale, at remunerative prices, in almost every market, at home and abroad.

Every surplus bushel of grain and every pound of cotton was in such demand that the farmers and planters were encouraged to sow and to reap, for in so doing they were assured that "their labor would not be in vain." At this time, Russia and the United States were the great grain-producing countries of the world. Russia, owing to the superior fertility of her soil, cheapness of labor, and the lower rate of interest on capital, could grow wheat at less cost than the United States, but was unable to move it and place it in market as cheaply as we could. Hence her statesmanship and science were at once brought into requisition to remove this the only obstacle to her success. The Danube was at once opened to navigation, and thereby the cost of the internal transportation of her products was so cheapened as to render our competition with her in the grain markets of the world next to impossible.

To show the result of her policy in improving her inland navigation, I ask attention to the following table, which exhibits the imports of wheat from Russia and America into the United Kingdom from 1860 to 1864 compared with the imports from 1868 to 1872:

WHEAT.

From—	1860-'64.	1868-'72.
	Bushels.	*Bushels.*
Russia	47,376,809	117,967,022
United States	127,047,126	116,462,380

An *increase* during the latter period, as compared with the former, of 70,590,213 bushels from Russia, and a *decrease* of 10,584,746 from the United States. From these statistics I deduce the conclusion, and a few years of experience will vindicate its truth, that, unless we take similar steps to reduce the cost of producing and transporting our grain to market, the time is not remote when grain exported from the great central basin of Europe and Asia will enter into successful competition with that of the West in our Atlantic sea-ports.

We have glanced, Mr. Chairman, at two of the great industries of our country, the production of

COTTON AND GRAIN;

and now let us notice as briefly as we can others which are of the highest relative importance. Let us next consider our

COTTON MANUFACTURES.

It is generally conceded that there is no portion of the world so well adapted by nature to the production of cotton as the Southeast Atlantic and Gulf States. The mildness of climate and the inexhaustible supply of first-class water-power, found in close proximity to the cotton-fields of that region, make this same cotton belt equally well adapted to the growth and manufacture of cotton into yarns and fabrics. But the cost of producing cotton, being greatly increased by the inefficiency of the present labor system, by the high rates of transportation, and the *exorbitant interest* paid upon the borrowed capital necessarily employed by the impoverished producers of that section, re-acts injuriously upon the manufacturer, and deprives both of the profits that legitimately belong to their business. Now, I would not be understood as saying that the regulation of the labor question is within the jurisdiction of Congress, for that is clearly a matter of private contract between the employer and the employé; but it is almost universally agreed that it is within the scope of legislative authority to make appropriations for the improvement of our rivers and harbors, and by so doing we will very greatly lessen the cost of transportation. As to the other difficulty—I mean the high rate of interest which the producer is compelled to pay upon money—while it may not be either constitutional or prudent to attempt to control it by congressional enactment, yet I think, and propose to show before I conclude my remarks, that this end may be reached in such way as to bring very great relief to labor, while at the same time the utmost freedom is allowed to capital. And, with these two difficulties removed, the results will contribute no little to the solution and adjustment of the first, the effect being to bring better wages to labor, better profits to the producer, and enable the manufacturer to supply the home demand for cotton goods and to compete successfully with other countries in the sale of his surplus. The cost of raw material, which is to a great extent determined by the cost of transportation, and the rate of interest on the moneyed capital employed in producing and bringing the surplus supplies of grain and meat from the West to the manufacturing districts of the East and the cotton plantations of the South, alike forbid our competing much longer either in the production or manufacture of cotton. We must not, Mr. Chairman, shut our eyes to the fact that it costs the farmers of the West *six bushels of corn to send one bushel to the cotton-spinner of the East, and eight bushels to send one to the cotton producer of the South.* Now can we for a moment imagine that our great productive industries will revive and prosper as long as that state of things exists? Disguise it as we may, here is to be found the chief causes of our present troubles, and we must apply the remedy. And that remedy is the same which other nations have successfully employed under precisely similar circumstances.

We hear a great deal said about the poor man's salt and the poor man's iron. There is sometimes much prating among politicians about the restrictions of commerce with foreign countries, and they occasionally display a little magnanimity in taking a few cents per pound off of these necessaries of life, but at the same time they do nothing to remove the enormous taxes of which I am speaking from the poor man's cotton and the poor man's corn. Many do not even seem to realize the fact that it is these *onerous internal burdens* that are robbing our labor of its just earnings and at the same time impoverishing the country. Here is the great source of our domestic distress and financial disturbance. This is why our mills are still, our ships idle, our fields uninviting, our moneyed capital unemployed, and, as a consequence, millions of our people suffering for the necessaries of life. The foreign demand for low-priced breadstuffs and cotton, both raw and manufactured, is constantly increasing.

Russia to-day has nine thousand or more textile factories, in which are employed between three and four hundred thousand operatives, and yet Russia imports annually from England more than three million dollars' worth of cotton goods. Austria consumes annually about forty-eight million dollars' worth of raw cotton. Of this amount the United States furnishes only $8,000,000, and other countries $40,000,000. And still Austria imports annually from Great Britain $2,275,360 worth of cotton fabrics. Almost every country in Europe imports, to a greater or less extent, the cotton goods of England, and we of the United States, with all our superior natural advantages, both for production and manufacture, import from abroad, and principally from England, about $30,000,000 of manufactured cotton goods annually. During the past year a small quantity of cotton goods, manufactured in the South, were exported to England and sold in that market as an experiment. Although a portion of these goods were sold at a loss, yet the fact was demonstrated that we could sell our goods even in that market at a profit, if we could reduce to a small extent the cost of manufacturing them. But, whether it be possible or not to sell our manufactured goods to any extent in foreign markets, it is certainly within our power to supply the home demand, and, by so doing, save to our own country $30,000,000 of gold annually, and thereby place our currency that much nearer a specie basis.

Some idea, Mr. Chairman, may be had of the value of cotton manufactures to England when we remember that she annually imports two hundred and seventy-two million five hundred and twenty-four thousand two hundred and thirty-five dollars' worth of raw cotton and exports three hundred and eighty-six million eight hundred and eighteen thousand and seventy-five dollars' worth of cotton fabrics; so that, after supplying her own wants, she makes a profit each year of $113,293,840 out of this single item alone. May not our country study her example to profit?

There is still another great industrial interest which claims our attention, the development of which is paralyzed by the same causes which, as we have seen, so seriously affect our grain, cotton, and manufactures. I mean the production of iron.

IRON.

I can forcibly illustrate the condition of this interest by my own section. There is, sir, a portion of Georgia, Alabama, and Tennessee wonderfully rich in coal and iron ore. Vast beds of these minerals are found in close proximity to each other, extending over hundreds of square miles of territory. Actual experiment shows that iron can be produced here for $16 per ton, and, with better appliances than are now used, for $12 per ton. And yet iron that cost $22 per ton is actually driving the cheaper article, although equal if not superior in quality, out of the market. Now, why is this? The answer is simply because it costs $10.75 per ton to place the cheaper iron in market, while it only costs $1.80 per ton to get the higher-priced iron to market. These immense deposits of coal and iron of which I am speaking lie along the Tennessee and Coosa Rivers, whose channels are obstructed by shoals that can be easily removed. Both of these rivers are broad and deep above and below these shoals; and yet, sir, a few rocks are allowed to prevent their navigation, and thereby lock up millions of agricultural and mineral wealth. The development of these vast resources would give employment to thousands of our suffering people, and at the same time relieve the country of the necessity of sending abroad annually millions of gold, to purchase the very articles which nature has bestowed upon us in such rich profusion.

In my judgment, it is practicable, with judicious legislation upon the part of Congress, for Georgia, Alabama, and Tennessee to manufacture and send iron to England and sell it for a profit. Indeed, sir, this very thing was actually done during the last year. Iron manufactured at the Cornwall furnace, in the State of Georgia, was shipped to England and sold at a profit, and that, too, in spite of the fact that it had to pay $10.75 per ton freight to reach the seaboard. Had the Coosa River been open to navigation, that shipment of iron would have been transported to the Atlantic at a cost of only $1.54 per ton freight, and the saving of this item of cost alone would have left a margin of profit sufficient to have converted an experiment into a well-established success. But, grant that we cannot compete with England in her home market, we certainly could supply our own wants and control the market on this continent. In the year 1873, England exported iron valued at $188,656,695, coal valued at $50,099,645, and cotton fabrics worth $386,818,075, making, in the aggregate, $627,574,415, or about $1,000,000 more than the entire exports of the United States for the same year. These immense exports of England found a ready market in every country on the American continent, including our nearest neighbor, Mexico. Between fifty and sixty

millions came into the United States, in iron and its manufactures, and took from us that amount in gold, and that, too, while we are boasting of having iron and coal sufficient to supply the world for three thousand years, and that cotton is king and we control his empire.

I have shown, Mr. Chairman, the vast extent of our resources, the necessity for their development, the means by which it may be accomplished, and the benefits accruing therefrom to the country and the people. I now ask attention to the claims which our leading and most important industry has upon Congress as a matter of right and justice. I mean

OUR AGRICULTURE.

To illustrate its pre-eminence, I ask that you consider its extent, as exhibited by the following statistics, kindly furnished me by our able and efficient Commissioner of Agriculture, Hon. Frederick Watts:

Number of persons in all occupations in the United States	12,505,923
Number of persons engaged in agriculture, 47.35 per cent.	5,922,471
Number of persons engaged in professions, 21.47 per cent.	2,684,793
Number of persons engaged in trades and transportation, 9.52 per cent.	1,191,238
Number of persons engaged in manufactures and mining, 21.65 per cent.	2,707,421
Number of farmers	2,977,711
Number of farm laborers	2,888,966

AREA IN THE STATES.

Number of acres in farms	405,226,769
Number of acres not in farms	869,932,271
Total	1,275,189,040
Woodland in farms	158,867,227
Total area of woodland in States	380,639,763
Number of acres in farms, including Territories with States	407,793,364
Total not in farms in States and Territories	1,903,821,595

FARM VALUES IN 1870.

Value of farms in United States	$9,262,803,861
Value of farm implements	336,878,429
Value of farm animals	1,525,276,457
Total	11,124,958,747

This exhibit, Mr. Chairman, establishes the fact that this industry comprises, at the least calculation, *one-half* of our entire population, largely over one-third of our entire material wealth, and, it may be added, contributes 79 per cent. of the entire export values of the nation. Yet, notwithstanding the vast magnitude of its proportions and its superior claims upon the Government for encouragement, is it not true, sir, that it has been most shamefully overlooked and neglected in the past?

The immortal Washington, in his first annual address to Congress, used the following language:

> The advancement of agriculture, commerce, and manufactures by all proper means will not, I trust, need recommendation; but I cannot forbear intimating to you the expediency of giving effectual encouragement, as well to the introduction of new and useful inventions from abroad, as to the exertions of skill and genius in producing them at home.

And he adds:

> Nor am I less persuaded that you will agree with me in opinion that there is nothing which can better deserve your patronage than the promotion of science and literature. Knowledge is, in every country, the surest basis of public happiness.

The answer of the House, draughted by Mr. Madison, and adopted unanimously without alteration, fully indorses these sentiments. It said:

> We concur with you in the sentiment that agriculture, commerce, and manufactures are entitled to legislative protection.

Such, sir, were the wise and liberal sentiments of Washington, Madison, and their patriotic compeers respecting the promotion by Congress of these great sources of national prosperity and happiness. In these days of political degeneracy, and of departure from the well-defined landmarks of constitutional government, it is well to pause in our mad career of apostacy, and recur to the teachings of the founders of our political system. How striking the contrast presented in the earnest recommendation to Congress of these great interests by the father of the Republic, and the indifference and neglect with which they are treated by the legislators of the present day. While I am glad to admit that we have bestowed some care and attention upon our commerce and manufactures, what, I ask, has the Government done to foster and encourage this greatest of all our interests? The language of modern statesmanship is that "agriculture can take care of itself." Acting upon this mistaken and short-sighted policy, we are almost persuaded to withdraw even countenance and support from the only Department and representative it has in our national organization. If appropriations are asked commensurate with its demands and dignity, the application is ridiculed and denounced as the sheerest extravagance. Forgetting that this great interest supplies three-fourths of the revenues of the Government, and the entire food and clothing of the nation, furnishing all with an unselfish hand, there are to be found some among us who are inclined to withhold the appropriation of even a small sum of money for the distribution of improved varieties of seed and to publish the annual reports of the Agricultural Department; even though, by so doing, they deprive the farmers of the country of the information which they both need and desire, the dissemination of which would contribute very largely to the development and improvement of all of our industrial interests.

As a Representative in the American Congress, I should rejoice to see the farmers of this country fully aroused to an appreciation of the superior claims which they have as a matter of right and justice upon this Government. And here I am free to say that, if our present financial condition were such as to authorize it, I should be ready to urge this Congress to so enlarge our Agricultural Bureau as to make it one of the Departments proper. Yes, sir; I would group together the leading industries of the country—agriculture, commerce, manufactures, mines and mining—and organize them into a department, with cabinet representation, and thus establish the grandest, most important, and beneficent branch of the Federal Government. The truth is, we have done so little for the protection and development of our agricultural industries, that we to-day find that two of its leading products, to wit, cotton and grain, which we never thought could find rivals anywhere, are not only being driven out of the foreign market, but are destined in a few years, if our present policy continues, to find active competition even at home—India sending cotton and Russia grain to the United States. But a little while ago we were boasting that cotton was king, and America the corn-house of the world. To-day, for the want of an enlarged and conservative system for protecting and developing our industrial resources, we find the scepter which we once held in proud triumph rapidly departing from our hands.

I think that I have clearly shown, Mr. Chairman, that the loss to the agricultural interest during the past year was about $62,000,000, and this upon two articles alone, cotton and grain. Restore this $62,000,000, manufacture the $30,000,000 of cotton fabrics which we import, and supply the $50,000,000 that we send abroad for the purchase of iron, and it will add at once $142,000,000 of gold to our annual wealth. There is no good reason why this should not be done. It is only necessary for Congress to take proper steps to reduce the cost of transportation by the improvement of our inland navigation, and thus lessen the cost of production even to a small extent, and we will at once recover markets for the sale of all that we can produce or manufacture, and that, too, at remunerative prices.

In 1874 England imported $258,699,055 worth of grain, and only $64,494,240 of this amount, less than one-fourth, was furnished by the United States. A careful investigation of facts shows that could we have reduced the cost of our grain *even fifteen* cents per bushel, we might have sold to England, if not this entire amount, certainly a sufficient amount of grain and cotton to have placed the balance of trade in our favor, and by so doing contributed very largely to the removal of this great obstacle which is in the way of the resumption of specie payment.

In this connection, Mr. Chairman, I desire to remove from the minds of the producers of the country the fallacy which has been impressed upon them by the mere theoretical political economists of this day. They have been taught that they should buy their manufactured goods wherever they can be bought cheapest, and that this policy would build up a foreign market for their products, thereby giving them the advantage of low prices on what they need, and better prices upon what they sell. Now, let us subject this proposition to the crucial test of actual experience. So long as we produced cotton *cheaper* and *better* than any other country, we held a monopoly of the market in Great Britain; and so of grain. While the policy of England kept the Black Sea closed, we found a ready sale for all of our surplus grain at remunerative prices; but just as soon as it was opened to navigation, Russia stepped in as an active competitor, and very soon took from us more than half of this trade. India, Egypt, and Brazil entered the market also as competitors in the supply of raw cotton, and as a result our export of this product has fallen 50 per cent. since 1860. And while our farmers in the West thus lose the grain trade, and our planters of the South the cotton trade, England still sells to us her manufactured products largely in excess of what she buys from us; and, taking that balance in American gold, she goes with it into other markets and purchases her supplies of grain and cotton. And why? The answer is, simply because she buys from other producers cheaper than she can buy from us. We buy her manufactured goods cheaper than we can spin and weave them, and for the reason that we fail to follow the wise examples set us by France, Russia, and England, in removing from the producers every burden which retards their efforts *to reduce the cost of production*, and chief among them is the tax imposed in moving and getting their crops to market.

Let me illustrate this matter by the following striking truths, contained in a recent letter written by Hon. H. C. Carey to the London Times:

> In the year 1856 the domestic exports of France amounted to $340,000,000, having far more than trebled in twenty-five years; doing this, too, under a system that, as we now are told, must have destroyed the power to maintain any foreign commerce whatsoever. Of those exports, $140,000,000 consisted of textile fabrics weighing 20,000 tons, the equivalent of 100,000 bales of cotton, and sufficient, perhaps, to load some five-and-twenty of the ships that, as I think, were then in use. The charge for freight was, as may be readily seen, quite insignificant, and for the reason that the chief articles of value were skill and taste, $100,000,000 of which would not balance a single cotton-bale. Arrived out, the goods were all finished and ready for consumption, and, as a consequence of these great facts, there were no people retaining for themselves so large a proportion of the ultimate prices of their products as did those of France. At that date, two hundred and fifty years had elapsed since the first settlement of Virginia, and the whole country south of the Potomac, the Ohio, and the Missouri had been taken possession of by men of the English race, the total population having grown to almost a dozen millions. The territory so occupied contained, as I believe, more cultivable land, more coal, and more metallic ores than the whole of Europe, and it abounded in rivers calculated for facilitating

the passage of labor and its products from point to point. What now had become, in 1856, the contribution of this wonderful territory, embracing a full half of the Union, to the commerce of the world? Let us see. The cotton exported amounted to 3,000,000 bales. To this may now be added 100,000 hogsheads of tobacco, the total money value of the exports of this vast territory having been almost precisely $140,000,000, barely sufficient to pay for the cargoes of five-and-twenty ships of a joint burden of 20,000 tons laden with the beautiful fabrics of France. For the carriage to market of this cotton and tobacco, how many ships were required? Thousands. How many seamen? Tens of thousands. Who paid them? The planters. Who paid the charges on the cotton until it reached its final consumer? The planter, whose share of the two, three, or five dollars a pound paid for his cotton by his customers in Brazil, Australia, or California amounted to but *a single dime*. It may, as I think, be safely asserted that of all the people claiming to rank as civilized there have been none who have retained for themselves so small a portion of the *ultimate* prices of their products as have those who have been accustomed to supply *raw cotton* to Britain and to France.

This same writer adds:

The first of all taxes is that of transportation, preceding as it does even the demands of the Government. Of this the Frenchman pays almost literally none, the commodities, taste, and skill, which mainly he exports, being classed among the imponderables. The planter, on the contrary, gives *nine-tenths* of the ultimate price of his products as his portion of this terrific tax, doing so for the reason that he is always exporting, in the forms of cotton and tobacco, the weighty food of men's labor, and the most valuable portions of the soil upon which that labor had been expended. Throughout the world, as here among ourselves, the exporters of *raw produce* pay all the taxes incident to a separation of consumers from producers, the manufacturing nation profiting by their collection. Hence it is, that while the former tend from year to year to become more dependent, the latter tend equally to become more independent. The *protected* Frenchman, freed from the most oppressive of all taxes, grows in love of the beautiful, in love of freedom, in that love of his native land by which he is everywhere distinguished. The *unprotected men of the South*, on the contrary, *have been so heavily taxed on the road to their ultimate market* as to have produced a constantly growing need for abandoning their exhausted lands. Since the date above referred to, both France and the South have passed through very destructive wars; but how widely different is their present condition: the one more prosperous than ever before, the other still in a condition of impoverishment—

for the want of that policy and those advantages which have given new life and prosperity to the former.

There is still another and a very important view of the questions under discussion, which demand careful consideration, and that is the intimate relation which these several industries sustain to

THE FINANCIAL SYSTEM OF THE COUNTRY.

Money, whether it be gold, silver, or paper, is but the representative of value. Its use is to facilitate the exchange of commodities, and apart from the function which it thus discharges has but little or no intrinsic value. For reasons which it is not necessary to enumerate, *gold* was selected as the measure of values in effecting exchanges between different countries, and hence it became the *money of nations*. Now, it follows that, when one nation sells to other nations a great deal more of its products and manufactures than it buys from them, gold in that country must be to that extent abundant, and its presence there is the *result* of, and not the *cause* of, its commercial prosperity. On the other hand, when a nation *buys* a great deal more than it sells, this money of nations must be sent abroad to make up the deficit, and every one can see at a glance that, when this thing continues for many years, the *gold* must gradually *decrease* in such country until it finally disappears altogether. This has frequently been the case with different nations.

If we examine, Mr. Chairman, the statistics of trade from the formation of the Federal Government, we will find that two things are evident. The first is, that whenever gold was abundant here the balance of trade was in our favor. And the second is, that there was always a scarcity of gold whenever our imports exceeded our exports. From 1790 to 1820 the exportation of our domestic products amounted to $1,136,000,000, while the importation of foreign merchandise aggregated $1,667,000,000, leaving a balance against us in thirty years of $531,000,000, or an average of $17,700,000 per annum. Now, although this deficit was made up to a considerable extent by the coin brought into the country by immigrants, yet the deficiency became so great in our domestic circulation, that we were *obliged to resort to a paper currency*. And it was under the exigency thus precipitated that our system of State banks originated. And it is well to remind the hasty resumptionist of the present day that the basis on which this system rested proved in the end to be a *ruinous financial fiction*. The theory on which *one dollar in coin* was represented by *three dollars in paper currency* only survived so long as an influx of gold from immigrants and a fluctuating balance of trade enabled the banks to retain the stipulated specie deposit in their vaults.

From 1820 to 1837 we imported $1,309,000,000 of merchandise and $143,000,000 in specie, and we exported during this time $105,000,000 in specie and $1,105,000,000 in products. This balance against us gradually increased until the year 1837, when our imports exceeded our exports by $100,000,000. And it was then that one of our memorable national financial revulsions occurred. From 1837 to 1847 we imported $102,000,000 in specie and $976,000,000 in merchandise, and exported $90,000,000 in specie and $1,026,000,000 in products, leaving a small balance in our favor, and we were thereby enabled to recover to some extent from the previous disaster. From 1847 to 1853 we imported $1,083,000,000 of foreign merchandise and $32 000,000 in specie, and during the same period we exported $920,000,000 in products and $124,000,000 in specie. During this period the gold discoveries in California added largely to our home supply of gold, and hence this large exportation of gold abroad was not sensibly felt.

Since 1853 we have exported $1,214,000,000 of specie in excess of our imports. From that year up to 1857 the balance of trade was steadily against us, reaching in four years the large sum of $200,000,000, and sweeping from the banks their whole supply of specie. At this crisis most of our State banks were authorized by law to suspend. The country being drained of its specie, and the products of our mines exported as fast as coined to settle the balance of trade against us, even the fiction of the specie basis of previous years was necessarily abandoned. The Federal Government, under the exigencies of civil war, and having these repeated examples of failure and disaster growing out of attempts to maintain specie payments with the balance of trade so largely against us, adopted the present financial system, in which it substituted its *faith* and *credit* for *gold as a basis*.

Now, sir, let me inquire upon what does this faith and credit rest? Unquestionably upon the right of taxation. And what is the measure and value of this right? The answer is, the ability of the people to pay the tax imposed. Now let us see what constitutes that ability. Certainly the amount and value of their surplus products. And what determines the value of these surplus products? Common sense replies, first the cost of production, and secondly the ease and certainty with which they find a market. I have already shown, Mr. Chairman, that our cotton, grain, iron, coal, and manufactures, for all of which there is a constantly-increasing demand throughout the world, are sufficient, and more than sufficient, under proper development, after supplying our home demand, to make us commercially the most independent and prosperous nation of the earth, by furnishing and maintaining for all time to come a balance of trade in our favor.

Now, with these facts thus established by the irrefutable logic of figures, let me ask in all earnestness, is it wise, is it just to our suffering people, to waste our time on vain expedients? All effort for relief by tinkering with the currency will in the future, as in the past, prove abortive, so long as our great industrial interests remain prostrate. As well might this Congress attempt to regulate the ebb and flow of the tides by statutory law as to control the currency by any such means. The circulating medium of a country is not inaptly analogized to the blood of the human system, both the quantity and quality of which are regulated by certain fixed laws of nutrition which are peculiar to animal organism. And just so the *amount* of currency and the *value* thereof are indicated and determined by certain great principles that underlie the commerce and productive industries of the nation. Seeing this fact, then, let us take a broader and deeper view of the financial disturbance, and reaching down to the *real cause* of our troubles, apply the remedy there.

OUR FINANCIAL SYSTEM

is established. And whatever objections may be urged against some of its provisions, it certainly possesses the merit of security, based as it is upon the faith and credit of the American Government. Besides, it circulates currently everywhere throughout our broad domain. The only other requisite which it needs is uniformity of value, and to impart this we have only to declare it to be

A LEGAL TENDER IN PAYMENT OF ALL DEBTS,

public and private, custom duties, and taxes. The Government is not only depreciating but actually repudiating its own currency, in refusing to receive it at the hands of the people. And so long as we thus continue to dishonor our own obligations, just so long will other nations discredit them. France has exemplified the fact that the *credit* of a nation, when wisely used, even in disastrous times, is an all-sufficient basis for currency.

Says Mr. Pliny Freeman, an able writer on finance:

If any continue to doubt, after our past experience, that legal-tender paper, when received for duties on imports, will keep on a par with coin, they need only to look across the Atlantic to the French government for confirmation. When the German war commenced, it authorized the Bank of France to *double* its issue, and made said issue a legal tender for all monetary purposes. According to statistics, at the commencement of hostilities in 1870, the bank circulation was about $250,000,000, when an addition of an equal amount was authorized, and all made a *legal tender for all purposes;* and when hostilities ceased, in 1871, it amounted to $420,000,000, at which time gold bore a premium of 2½ per cent., when, an additional amount being authorized, it soon fell to par; and in October, 1873, when it amounted to $612,000,000—the highest amount ever reached—it remained at par, and has continued so ever since. The query arises: Why did it continue at par after the issue of so large an amount? Because it was made a legal tender for duties on imports and for all other monetary purposes whatever. Then why was there a premium on gold at any time? For the reason that, in addition to the amount required for the indemnity, the requirements to recuperate and make good the desolations of war caused an excess of imports above exports, which excess continued until the increased flow of currency, by stimulating the manufactures, mechanical and agricultural industries, created an excess of exports, and turned *the balance of trade in favor of France*. It seems clear that the volume of currency, by being made a full legal tender, revived and stimulated the productive industries of the French people to such an extent that their exportable products soon exceeded their imports, and turned the balance of trade (which when the war commenced was largely against them) in their favor to such an extent as to render them financially independent, and all other nations became their tributaries. And who can say that, in consequence of the paper of the Bank of France being a full legal tender, the French people are not in a more prosperous condition at this time than at any time in their long and eventful history? With such wonderful prosperity of the people of France prominently in view, and the full knowledge of its being the result of so simple a cause as the making of its paper money a full legal tender, will not the American Government follow so glorious an example, and thereby raise our own people from their present state of paralysis, degradation, and humiliation?

Again, by making our greenbacks a full legal tender, we will at once remove all distrust from the minds of the people, and *restore confidence* to capital, without which confidence no currency, whether it be gold, silver, or paper, and in whatever amount it may exist, can be made available either for the demands of commerce or the wants of

producers. It is owing to this want of confidence that money is seemingly so scarce and the rate of interest so high. A sense of insecurity has the effect to lock it up in the vaults of banks and private capitalists, and hence, while there is stagnation in the commercial centers, there is a corresponding paralysis in the rural districts, which is entailing upon producers want and distress. There is in reality no scarcity of money, if the supply we have could be brought into circulation. The following statement exhibits the amount of currency *per capita* in each of the following countries:

Great Britain	$23 66
France	36 85
German Empire	20 64
United States	18 06

While it is true that we have less currency in proportion to population than other leading nations, yet we have enough to answer the demands of commerce and production, if we can only make it available. If making our greenbacks a full legal tender for all purposes will accomplish for us what we have seen it did for France under similar circumstances, it will at once put our capital in active circulation, bring money into competition with money, and thereby reduce the rate of interest to a healthy standard, without resorting to the arbitrary and invidious legislation proposed by some on this floor. And here, in order to determine the necessity of procuring a lower rate of interest on loanable capital, let me call attention to the great disadvantage under which the producers of our country are placed as compared with those of other countries. The average rate of interest in Great Britain and Europe, our rivals in the production of grain, cotton, and all manufactured goods, does not exceed 3 per cent., and in the United States it is not less than 8 per cent. Thus it appears that the reduction of the rate of interest is one of the principal factors in our financial problem; for upon its proper solution the revival of our industries depends; and in my judgment the most speedy, effectual, and just means of accomplishing the end is to inaugurate the policy we have indicated, for by so doing we impart *confidence* and *security* to *capital*, while at the same time we give *assurance* of *remunerative profits to labor*.

No thoughtful mind can question for a moment the security of our legal-tender currency, when it remembers that it has for its basis the entire value of our industrial products, which are estimated by thousands of millions. And these products, after all that has been said and written, constitute the real value of a nation's wealth; while money, whether it be coin or paper, is only the measure by which their values are estimated in their exchange. We have shown that the *abundance of gold* in any country is necessarily the *result* of commercial prosperity, and not the *cause* of its prosperity; and hence, if we would ever reach the desirable point when resumption will be practicable, we must do so by legitimate means. It never has been, nor can it ever be, attained by a simple resumption act. A legislative fiat cannot call gold into existence! No arbitrary enactment of Congress can establish a gold basis so long as the demands of trade require a circulation of $750,000,000 of currency, and when there are only about $140,000,000 of coin in the country, and that small amount only here because it is needed to pay our custom duties and interest on the public debt. Suppose, Mr. Chairman, that the whole amount of gold coined by the United States Government from its foundation was in the vaults of the Treasury to-day, it would only amount to $1,200,000,000, and would not be sufficient to pay our *foreign debt* alone by $100,000,000. Now, under this state of facts, how is it possible for us to retain gold here in sufficient quantity to redeem our currency?

But let us go a step further, and suppose that we owed no foreign debt at all. We have already seen that for the past ten or twelve years the balance of trade against us amounts to an average of $115,000,000 per annum, so that only a few years would suffice to exhaust our supply of coin, and remand us to our present lamentable condition.

But, Mr. Chairman, the advocates of an early attempt at resumption point triumphantly to the history of the Bank of England, and tell us that when that institution was forced to suspend specie payments resumption was brought about by an act of Parliament; that when the wisdom of British statesmen deemed resumption proper, Parliament had only to fix a day, and the end was accomplished. Let us examine briefly the facts of history, and see how little of truth there is in this statement.

The Bank of England grew out of a necessity very similar to that which introduced a paper currency into our own country. The English were at first an agricultural people, and continued such long after many other nations of Western Europe had made advances in manufactures and commerce, and chief among them were the Dutch and French. When the increase of intelligence and population forced upon England a diversified industry, these nations already controlled the markets, and with their finer fabrics proved successful rivals against the coarser goods of England.

England found her best market in the colonial possessions of the eastern and western world, and for years she maintained a hard and an unequal struggle. The rude products of her looms and workshops were not prized upon the European continent, and wherever she found a market she met formidable competitors in Holland, France, and Spain, who were enabled to hold the mastery, supported as they were by extensive and well-appointed navies. England, however, seeing the advantages held by her rivals, went to work with unfaltering energy and enterprise to lessen the cost and improve the quality of her products, and at the same time to build up and strengthen her naval power. Just so soon as she found herself in condition to do so, she went about destroying the navies of her hitherto successful rivals; and then, seizing upon many of their colonial possessions, secured for herself a monopoly of the carrying trade and of markets for the sale of her surplus products. This policy gave her great wealth and power, and it has ever since been her proud boast that "Britannia rules the waves." And so completely has she sustained this supremacy, that she, together with other foreign nations—be it said to our shame—during the last fiscal year, appropriated to themselves 74 per cent. of the entire carrying trade of the United States.

During the twenty-six years that the Bank of England was in a state of suspension, Parliament fixed the day for resumption time and time again. But it never came until the spindles of Manchester and the forges of Birmingham overcame the combined military power of Europe, and turned the balance of trade in her favor. With her ships floating upon every sea, and bearing her vast products to almost every port within the confines of civilization, England at once became the manufacturer and carrier of the world, and then the millions of treasure which she had so lavishly expended in building up her industries and providing her navy began to flow back to her, until she became the great creditor nation of the earth, and then the resumption of specie payments followed as naturally as effect follows cause.

Again, we are told, Mr. Chairman, that the notes of the Bank of England and of the Bank of Switzerland have a par value with gold because upon the face of each is printed a promise to pay in gold, and hence, if a like promise was printed on our greenbacks, they too would at once appreciate to par value. But let us look and see the truth of this also. A note of the Bank of England has been for many years at a premium in this country, and why? The advocates of legislation fixing a day for early resumption say that it is because of its ready convertibility into gold! Hence a merchant will buy a thousand-pound note of the Bank of England, for which he pays $5,000 in gold and ¼ of 1 per cent. premium in addition, simply to enjoy its convertibility into gold at $5,000!

Now, sir, this fallacy is too glaring to deceive any thinking mind for a single moment. A better reason, and the true one, is found in the fact that we owe England a large commercial debt, and such debt must be paid in gold. To send the gold, the merchant must pay, not only a heavy freight, but heavier insurance, and to avoid these expenses and risks, which amount to more than the premium on the note, he purchases exchange on the Bank of England, incloses it in a letter paying only the postage, and his object is accomplished, the payment of his debt. The same thing is true of the Bank of Switzerland. That little country has a large balance of trade in its favor, and hence its notes answer the same purpose. It is a safe, cheap, and convenient medium of settling balances of trade, and hence its value. If we, too, had a balance of trade to our credit to-day, our legal-tender currency would be at a premium abroad with all countries who were our debtors, as was the case with the old United States Bank notes *so long as our exports exceeded our imports*.

Still another and with some a favorite plan of bringing about resumption is to purchase silver to replace the fractional currency and to hoard up gold until a certain contingency happens, and then pay it out. Buy gold and silver with the bonds of the Government and pay it out to banks and individuals to be exported from the country, to settle our foreign balances of trade as fast as it leaves the hands of the Treasury agent! Why, sir, such folly as this is but the re-enactment of the fable of the Danaides, who would fill vessels with water that had no bottoms. If we would fill the vessel, let us first put a bottom in it. And the only bottom which will enable our financial tub to hold water must be made out of a clear balance-sheet of trade in our favor.

The truth is, sir, that so long as we continue a

DEBTOR NATION

our greenback currency rests upon a surer and a more available basis than gold, for that basis is the value of the entire property and industrial products of our people. Gold, however great the store, has been, and may be again, exhausted by the revulsions of trade, but our wealth and products are exhaustless and perennial. They are increased and renewed with each returning season, and expanded by each succeeding generation; and so must they continue to be so long as mankind "multiply and replenish" and "the early and the latter rains" are sent upon the earth. Seeing, then, that our prosperity, national as well as individual, is mainly derived from and dependent upon our domestic industries; that commerce and trade are but the indices of their development; that the profits of money itself, whether it be gold, silver, or paper, are measured by the amount and facility with which the exchange of our commodities is effected, is it not time for us to turn aside from the selfish and vain expedients with which the meaner class of politicians feed the flames of sectional hate, and give our earnest attention to the ennobling work of reviving them? In so doing we shall become the instruments of establishing "peace on earth and good-will among men;" for we will thereby relieve them of their poverty and distress, in so far at least as legislative agency can accomplish it. Let us remember that our present currency is but the written pledge of the Government to place the products of labor

where they can be utilized by the world that needs them, and that so long as we neglect to do this, just so long will the commercial world deride us by refusing to class our credit among the exchangeable credits of the nations.

Unlock the iron of the country, and let us supply our own wants, make available our immense coal-beds, give the food of the West to the cotton manufacturers of the East, help the stricken South to lessen the cost of producing the great staple of the world's commerce, and aid her to utilize her unequaled water-powers, and thus diversify her industries. And, when we shall have supplied the wants of our own people with food and clothing, then send off our millions of surplus products to meet the demand abroad, and by this plain, practical plan discharge our immense foreign debt. Then will specie flow back to our Treasury, and the vexed question of the currency be settled by natural solution, and, instead of disturbing our great industries, will steadily promote them, to the relief and happiness of the toiling millions of our countrymen who are to-day asking for bread and receiving a stone.

With the examples of England, France, and Russia fresh before our eyes, we need grope no longer in doubt and uncertainty as to how we can remedy the evils that now hang so heavily upon us, and reach the much-desired point of resumption. Encourage, as these nations have done, our domestic industries in every possible way. Reduce the expenditures of the Government to the lowest point compatible with the efficiency of its administration. Cut off every supernumerary. Repeal the iniquitous internal-revenue system, which bears so heavily on producers, who are taxed by it to the extent of $100,000,000 annually. Re-adjust the tariff in the interest of the products of all classes of labor in every section of the country. Practice economy in everything, and so commend it to our people. Husband the vast revenues of the Government, and apply them to the full development of our immeasurable resources, opening up our great natural highways of commerce; and thus remove the greatest obstacle to the utilization of our products. This policy will bring the people and the industries of the different sections into a closer alliance with each other, and teach them the invaluable lesson of mutual dependence of the one upon the other, as component parts of one vast political system. If we would restore prosperity and fraternity, Mr. Chairman, we must stop this perpetual warfare *between labor and capital, between the cotton-producer and the cotton-spinner, between the iron-maker and the grain-grower.*

Sir, we are suffering to-day the bitter fruit of this

UNNATURAL ANTAGONISM.

In former years it was fostered and fed by selfish and designing men, until it finally culminated in a fratricidal war which desolated the land from the Potomac to the Rio Grande. If the one-hundredth part of the treasure expended in that cruel conflict had been applied to building up and protecting the various industries of the different portions of the Union, the grievances and jealousies which precipitated it would not only have been avoided, but civil war at any time rendered impossible. And instead of the blood-stains and desolations which to-day mar the beauty of this great national structure, the bright smiles of peace, prosperity, and happiness would greet every eye and gladden every heart.

Mr. REA addressed the committee. Before concluding his remarks, which, as completed, will be found hereafter, he yielded to

Mr. HOLMAN, who said: Mr. Chairman, I move that the committee do now rise, with a view to moving in the House that the House take a recess until half past seven o'clock for general debate.

The motion was agreed to.

The committee accordingly rose; and Mr. COX having taken the chair as Speaker *pro tempore*, Mr. SPRINGER reported that the Committee of the Whole on the state of the Union, pursuant to the order of the House, had had under consideration the special order, being the bill (H. R. No. 3263) making appropriations for the service of the Post-Office Department for the fiscal year ending June 30, 1877, and for other purposes, and had come to no resolution thereon.

PRINTING OF TESTIMONY.

Mr. SINGLETON. I am instructed by the Committee on Printing to offer the following resolution:

Resolved, That the Committee on Printing be, and they are hereby, authorized to have printed at once the testimony taken in the case, with the exhibits accompanying the same, in the matter of the investigation of the Government Printing Office.

The resolution was adopted.

CONTINGENT FUND.

Mr. WILLIAMS, of Indiana, by unanimous consent, submitted the following resolution; which was read, and referred to the Committee of Accounts:

Resolved, That the payment ordered by this House by resolution of the 20th of June, 1874, be, and the same is hereby, directed to be paid out of the contingent fund.

SPECIAL MESSENGER.

Mr. FORT, by unanimous consent, from the Committee of Accounts, reported the following resolution; which was read, considered, and agreed to:

Resolved, That a special messenger be, and is hereby, appointed to the managers of the impeachment trial of William W. Belknap, and that the compensation of said messenger be fixed at $3.60 per day.

TEXAS AND PACIFIC RAILROAD COMPANY.

Mr. MACKEY, of Pennsylvania, by unanimous consent, from the Committee on Railways and Canals, reported back the petition of citizens of Clearfield County, Pennsylvania, in behalf of the Texas Pacific Railroad, and moved that the committee be discharged from the further consideration of the same, and that it be referred to the Committee on the Pacific Railroad.

The motion was agreed to.

ENROLLED BILL SIGNED.

Mr. HARRIS, of Georgia, from the Committee on Enrolled Bills, reported that they had examined and found truly enrolled a bill of the following title; when the Speaker signed the same:

An act (H. R. No. 3269) appropriating $50,000 for subsistence supplies for Apache Indians in Arizona Territory, and for the removal of the Indians of the Chericahua agency to San Carlos agency.

LEAVE OF ABSENCE.

By unanimous consent, leave of absence was granted Mr. SAVAGE for two weeks on account of sickness in his family.

HENRY HELBURN.

Mr. GAUSE, by unanimous consent, introduced a bill (H. R. No. 3365) granting a pension to Henry Helburn; which was read a first and second time, referred to the Committee on Invalid Pensions, and ordered to be printed.

RECESS.

Mr. HOLMAN. I now move that the House take a recess until half past seven o'clock this evening for general debate only.

The motion was agreed to.

The SPEAKER *pro tempore*. The Chair will designate the gentleman from Georgia [Mr. BLOUNT] to act as Speaker when the House resumes its session.

The House accordingly (at five o'clock and five minutes p. m.) took a recess until half past seven o'clock.

EVENING SESSION.

The recess having expired, the House at seven o'clock and thirty minutes p. m. resumed its session, Mr. BLOUNT in the chair as Speaker *pro tempore*.

ORDER OF BUSINESS.

The SPEAKER *pro tempore*. The House is in session this evening for general debate on the post-office appropriation bill, in Committee of the Whole, no other business to be transacted.

LEAVE TO PRINT.

Mr. FAULKNER. I ask permission of the House to have printed in the CONGRESSIONAL RECORD some remarks which I have prepared upon the river and harbor improvement bill, which was passed without any opportunity being afforded for discussion.

There was no objection, and leave was granted. [See Appendix.]

POST-OFFICE APPROPRIATION BILL.

Mr. FAULKNER. I move that the House resolve itself into Committee of the Whole for the consideration of the post-office appropriation bill.

The motion was agreed to.

The House accordingly resolved itself into Committee of the Whole on the state of the Union, (Mr. SPRINGER in the chair,) and resumed the consideration of the bill (H. R. No. 3263) making appropriations for the service of the Post-Office Department for the fiscal year ending June 30, 1877, and for other purposes.

Mr. REA resumed and concluded his remarks. As completed, they are as follows:

FINANCES OF THE COUNTRY, ETC.

Mr. REA. Mr. Chairman, being a new member, I do not desire to hastily thrust myself into unnecessary and needless debate; but representing a constituency in one of the great central States of the Union who believe that much of the legislation of the Congress for a series of years last past has been antagonistic to their interests and prejudicial to their prosperity as well as the prosperity of the whole country—a constituency that are now suffering severely from the prostrate condition of the business of the country, and anxiously and almost despairingly looking forward to better times, to a revival of business—I feel it to be my duty to say something in my feeble way in their behalf, as well as the thousands of men and women in the United States who are out of employment and begging for bread; seeking remunerative employment, but can find none. These are perilous times; thousands of good business men have become bankrupt, and thousands more must soon follow. The whole people are demanding that something be done to give them at least prospective relief, and it behooves every Representative, who has to some extent in his keeping the weal or woe of the American people, to do and say all he can in behalf of the oppressed people.

It is wonderful to contemplate the growth of this country since the formation of the Government. The hardy sons of toil have felled the forests and plowed up the prairies and made them blossom with the

rich golden grain for the food of man and beast, while the brawny arms of the workmen and mechanics have erected extensive manufactories, proud cities, palatial mansions, and other edifices, all for the accommodation of man. Railroads have been constructed. The iron rail now spans the continent and connects the two oceans together. The means of transit for commerce and travel is now at the door of almost every one. The telegraph has been invented and extended throughout the Union and across the ocean, by which the mad lightnings have been tamed and utilized and made the bearer of dispatches and intelligence. Steam and electricity have well-nigh annihilated time and space. Thousands of new and useful inventions have been made, institutions of learning have sprung up all over the country, the arts and sciences have been developed, and general intelligence diffused among the people.

When we contemplate the transcendent strides the American people have made in times past in agriculture, commerce, manufactures, the arts and sciences, we would naturally be led to believe that they were to-day prosperous and happy, that no one was willingly out of employment, that no one wanted for the luxuries, much less the necessaries of life; that such a person as a beggar or tramp asking for work that he or she might obtain even a poor subsistence was unknown to America. But, O, how different. Instead of prosperity there is adversity, the energies of the people are paralyzed, the value of every species of property except untaxed Government securities has been reduced, merchants and other business men have become bankrupts, labor is unrewarded, and thousands of men and women are now asking for remunerative labor without being able to obtain it. Why is this so? There must be a cause; every effect has its cause. Is it for want of energy and willingness on the part of the people to work and do? Is it for want of natural resources? Certainly not; the people are industrious, the country is rich in natural resources, rich in soil and minerals, with a good climate, and well adapted to a variety of products. The virgin soil has not refused to yield to the tillage of the husbandman; but, on the contrary, under the beneficent influence of a kind Providence large crops and full granaries have been the result.

To what, then, must we look for the cause of the present prostrate condition of the country? It is to be found in bad legislation, bad laws, and misgovernment.

During the war a large amount of paper currency was issued by the Government; and after the war closed, for several years the business of the country was done with a very large volume of currency, prices were thereby inflated, and debts were contracted upon that basis.

The policy of the contraction of the currency and the increasing of the gold interest-bearing debt of the nation have resulted in great disaster to the business of the country, and made thousands of good business men bankrupt without producing a specie basis; but, on the contrary, the currency to-day is at a large discount below gold; and it is proposed to still further contract the currency and increase the interest-bearing debt of the nation by selling interest-bearing bonds for gold or by funding the greenbacks into such bonds.

The people, I believe, are opposed to this policy. They are demanding the repeal of the specie-resumption act, by which it is proposed to resume specie payment in 1879. In order to arrive at an intelligent understanding of this financial question, it is necessary to take into account the coin in the country, the annual yield of our mines, the exports and imports to and from the United States, the public debt, and where and by whom that debt is held, and the amount of taxes the people are called upon to pay annually.

EXPORTS AND IMPORTS OF MERCHANDISE AND SPECIE.

I have carefully brought together, after much labor, a statement and exhibit of the exports and imports of merchandise and specie from the 1st day of July, 1862, to the 30th day of June, 1875, a period of thirteen years. I have made this statement and exhibit from the official reports on commerce and navigation and the prepared tables and exhibits made by Hon. Edward Young, Chief of the Bureau of Statistics, and I presume it is approximately correct. It is as follows:

Table showing the specie values of domestic and foreign exports for the period of thirteen years ending June 30, 1875.

Fiscal year.	Merchandise.	Specie and bullion.	Total exports.
1863	$203,964,447	$64,156,611	$268,121,058
1864	158,837,988	105,396,541	264,234,529
1865	166,029,303	67,643,226	235,672,529
1866	348,859,522	86,044,071	434,903,593
1867	292,361,225	60,868,372	353,229,597
1868	281,952,899	93,784,105	375,737,004
1869	286,117,697	57,138,380	343,256,077
1870	392,771,768	58,155,666	450,927,434
1871	442,820,178	98,441,988	541,262,166
1872	444,177,586	79,877,534	524,055,120
1873	522,479,922	84,608,574	607,088,496
1874	596,483,099	66,630,405	663,113,504
1875	529,039,235	92,132,144	621,171,379
Total	4,665,894,869	1,014,877,617	5,680,772,486

Declared value of imports for thirteen years ending June 30, 1875.

Fiscal year.	Merchandise.	Specie and bullion.	Total imports.
1863	$243,335,815	$9,584,105	$252,919,920
1864	316,447,283	13,115,612	329,562,895
1865	238,745,580	9,810,072	248,355,652
1866	434,612,066	10,700,092	445,512,158
1867	395,763,100	22,070,475	417,833,575
1868	357,436,440	14,188,368	371,624,808
1869	417,506,379	19,807,876	437,314,255
1870	438,958,408	26,419,179	465,377,587
1871	520,223,684	21,270,024	541,493,708
1872	626,595,077	13,743,689	640,338,766
1873	642,136,210	21,480,937	663,617,147
1874	567,406,342	28,454,906	595,861,248
1875	533,005,436	20,900,717	553,906,153
Total	5,732,371,820	231,546,049	5,963,917,872

From this table you will see that the total imports of merchandise into the United States for that time were $5,732,371,820, to which may be added 3 per cent. for smuggling and undervaluation; that being the percentage estimated by the Chief of the Bureau of Statistics necessary to cover the evasions of the revenue. And to these imports may also be added a large sum for freights paid foreign vessels in excess of freights received by American vessels. Hon. Edward Young, in 1873, estimated the balance of freights against the United States from 1863 to 1873 to be $124,882,456. This amount has been largely increased for the last two years, but I will say nothing about that and take his figures, and the import account stands as follows:

Imports of merchandise	$5,732,371,820
Three per cent. for smuggling and undervaluation	171,971,154
Freight	124,882,456
Total	6,029,225,430

The exports of merchandise from the United States during the same time, as shown by the table, were $4,665,894,869, which, taken from the imports, leaves a balance of $1,363,330,561 against the United States in the thirteen years next preceding the 30th of June last, so far as the exportation and importation of merchandise was concerned.

The table shows that during the same time the exports of specie and bullion amounted to $1,014,877,617 and the imports to $231,546,049. The exportation of specie and bullion exceeded the importation by $783,331,568, being an annual drain of exports of specie and bullion in excess of the imports of the same of $60,256,274.46. Take $783,331,568, the excess of exports of specie and bullion over the imports of the same, from the excess of imports of merchandise, and we have $579,998,993 as the excess of imports over the combined exports of merchandise, specie, and bullion during the thirteen years; showing an annual balance of trade against the United States, notwithstanding the large export of specie and bullion, amounting to $44,615,307, being over $1 *per capita* for every man, woman, and child in the United States. It is shown by the report on commerce and navigation for the year 1875 that the number of American vessels that entered into the United States from foreign countries during the fiscal year ending June 30, 1875, was 11,074, with crews aggregating 113,059, and carrying in the aggregate 3,573,950 tons. The number of American vessels, their tonnage and crews, that cleared from the United States for foreign countries was a little more than those that entered into the United States.

The number of foreign vessels that entered into the United States from foreign countries during the same time was 16,887, carrying 8,118,860 tons, with crews amounting to 250,493; and the number of such foreign vessels that cleared from the United States for foreign countries was a little in excess of the number that entered into the United States, and carried a few more tons and crews. From this it will be seen that about two-thirds of the exports from and imports into the United States have been carried in foreign vessels.

PUBLIC DEBT.

The public debt of the United States, as shown by the statement of the Secretary of the Treasury for the month of February, 1876, was on the first day of that month $2,114,960,306.80, besides sixty-odd millions of bonds issued to the Pacific railway companies, to say nothing about State, county, and municipal indebtedness, which would doubtless swell the total indebtedness to ——.

Unfortunately for the American people, a large portion of our indebtedness is owned and held in foreign countries, and various statements and estimates have been made as to the amount thus owned and held abroad.

In order to obtain as near as possible the amount of such indebtedness held abroad, I addressed a letter to Hon. Edward Young, Chief of the Bureau of Statistics, who has given the subject much attention, for information, and received from him the following letter:

TREASURY DEPARTMENT, BUREAU OF STATISTICS,
March 10, 1876.

DEAR SIR: In response to your favor of yesterday, I have the honor to state that no data exist showing the amount of United States bonds held in foreign countries. The subject is one of great interest and several have made estimates upon it, most of which have been too large.

I send you herewith a volume of monthly reports for the fiscal year 1874, containing a summary of a more extended article which I wrote upon the subject, and which I regard as being approximately accurate. It is taken, as you will observe, from the "balance of trade" stand-point, and if I have made errors in any of the estimates, they can be corrected by others. As that was made two years ago, I am inclined to think that the United States, railway, and municipal bonds held abroad amount to from $1,300,000,000 to $1,350,000,000, of which perhaps two-thirds consist of bonds of the United States.

The monthly debt statement herewith inclosed shows the different descriptions of bonds, but it does not indicate which kinds are held in Europe.

It is a great source of regret to me that I have been unable, after a pretty thorough investigation in New York and elsewhere, to obtain more accurate data on the subject.

I shall feel obliged by your calling at the Office at your convenience and making yourself personally acquainted with our facilities for furnishing information.

Very respectfully, yours,

EDWARD YOUNG,
Chief of Bureau.

Hon. DAVID REA, M. C.,
House of Representatives.

From this letter it is seen that Hon. Edward Young estimates the amount of our bonds held abroad to be from $1,300,000,000 to $1,350,000,000, two-thirds of which consist of bonds of the United States. Many think this estimate too small. The annual interest on the foreign debt which has to be paid in coin is, say, $75,000,000; some put it much higher. Governor Tilden, of New York, in his last annual message to the Legislature of that State, says: "We have to pay to foreign creditors annually in coin more than $100,000,000." This may be nearer correct, but I will put it at seventy-five millions for the purposes of my argument.

GOLD AND SILVER IN UNITED STATES.

Hon. H. R. Linderman, Director of the Mint, in his annual report to the Secretary of the Treasury for fiscal year ending June 30, 1875, gives the following estimates of gold and silver coin in the United States at different times, in round numbers:

In year 1860	$275,000,000
1870	130,000,000
1872	140,000,000
June 30, 1873	140,000,000
30, 1874	166,000,000
30, 1875	142,000,000

Of the one hundred and forty-two millions in the United States last June, he says twelve to fifteen millions was in silver. He also shows that the total coinage of gold and silver into coin in the United States during the year ending June 30, 1875, was $43,854,708, and that the total product of the mines during the same time was a little less than $72,000,000.

From the figures I have given, which are taken from official documents, there is to-day $133,000,000 less of gold and silver in the United States than there was in 1860, being now but little over one-half as much as there was then.

The trade reports of commerce and navigation show that the exports of gold and silver from the United States since 1862 have exceeded the imports of the same $783,331,568, which was an annual excess of exports over imports of $60,256,274.46; nearly equal to the entire product of all our mines last year. It is also shown that it takes $75,000,000 annually in coin to pay the interest on our foreign debt, which is about $3,000,000 more than the entire product of the whole mines of the United States, and about $11,000,000 more than the coinage of gold and silver in the United States last year.

It is evident from these figures that unless the annual yield of our mines is greatly increased or the annual excess of exports of gold and silver is reduced, the present amount of $142,000,000 of gold and silver now in this country will diminish annually.

Upon the theory that $1 of specie in the vaults will float $3 in currency at par value, we to-day only have enough gold and silver to float $426,000,000 in currency at par, which would be $10.65 *per capita*, which is less than one-half of the circulation *per capita* of Great Britain, and less than one-fourth of that of France. No sane man believes that four hundred and twenty-six millions of currency would be sufficient to do the business of this vast country; and yet, in the face of all the facts, it is proposed that we shall go to specie payment on the 1st day of January, 1879, when we will have less gold than now, unless the balance of trade is made to cause the precious metals to flow to the United States rather than from her. It is believed that there is no prospect of a sufficient increase in the production of our mines to keep the volume of coin at what it now is without there is an avenue opened up for the influx of the same from foreign countries through the balance of trade in favor of the United States. The resumption of specie payment in 1879 by redeeming three hundred and seventy million legal-tenders and about the same amount of national currency with less than $142,000,000 coin is absolutely impossible.

INCREASE OF INTEREST-BEARING DEBT.

But it is proposed that interest-bearing bonds shall be issued and sold to procure coin with which to redeem the legal-tender currency, or else the legal-tender currency be funded into an interest-bearing debt by exchanging the same for interest-bearing bonds. The last proposition is recommended by the Secretary of the Treasury.

I protest against both these propositions for several reasons, two of which I will now mention.

First. If such bonds are sold for coin in such manner as to increase our capital stock of coin they must be sold in foreign countries; and, as an American citizen and Representative, I am opposed to any increase of our foreign indebtedness. The American people are now almost hewers of wood and drawers of water to foreign capitalists.

Second. The interest-bearing debt of the United States is now all the people can bear. The hard-earned earnings of the people are taken now to pay the interest due bondholders. If this Government preserves its good faith and honor, as it ought to do, and pays its just debts and obligations, it will take a long time to do it and be a heavy burden upon the people, without increasing the interest-bearing debt.

I know the people are honest and desire to keep the pledges of their Government and pay its honest debts; and I beseech those who now hold the obligations of the Government and those who desire to still hold more of such obligations not to urge an increase in the interest-bearing bonds of the Government, and thereby, Shylock-like, demand the last pound of flesh and the last drop of blood. The people have all they can bear; the weight of taxation now falls heavily upon them; the families of many noble, brave, and honest men are now in want; and as certain as God lives these brave, noble men of this country will protect their wives and children, and save them from becoming beggars; they will not permit a load to be placed upon them that they cannot bear.

The currency in circulation, after deducting all reserves, is about $15.50 or $16 *per capita*. It is stated in a work written by Britton A. Hill, of Saint Louis, Missouri, that the money circulation in France *is* $47.22 *per capita* and in Great Britain $23.72 *per capita*.

Unless those countries have an excess of circulation, this country certainly has not a sufficiency. There the population is more circumscribed and dense than it is here, and hence checks and bills of credit can be used with more facility in business, and as a matter of fact a less volume of circulation *per capita* would accommodate all the wants of the people.

I do not believe any considerable number of the people in this country believe we have too large a volume of currency.

When we consider the uses for money, the large amounts of products to be moved from the great interior of this country to the seaboard, and the immense quantities of merchandise and valuables to be transported from the seaboards to the interior, a distance of hundreds and thousands of miles, the amount of taxes that are to be gathered in money from the people of all the States of this Union, it is hard for us to believe that we have too much money.

But it is said that we have rag-money, an inconvertible, depreciated currency, and that because our currency is at a discount of 12 to 14 per cent. therefore the depression of the business of the country. The financial distress of the country is by some attributed solely to our paper currency, and it is claimed that, if our currency was at par with coin, business would be prosperous, industry would revive, and the whole people would be on the high road to prosperity. I concede that the depreciation of the currency is detrimental to the business of the country, and no citizen desires more than I to see the currency of this country at par with gold; but it is certainly not true that the great distress among the people is because of the depression of the currency. That may be an auxiliary cause, but is by no means the sole cause.

The great drain upon the people in contributions to the national, State, and municipal governments in the form of taxation is the real cause of the distress now in the land. The net earnings of the people are not left with them for re-investment, by which the aggregate wealth of each individual is annually increased, but such earnings are taken from the owner by taxation and a large portion of the same is at once exported to Europe to pay European holders of our obligations.

Governor Tilden, of New York, in his last message, says:

> The aggregate Federal taxation of the eleven years now closing, computed in currency, from official statements, is more than $4,500,000,000. The local taxation, assuming the census statement for 1870 as an average, is more than $3,000,000,000. The aggregate taxation exceeds $7,500,000,000.

I do not know whether these statements are correct or not, but I suppose they are at least an approximation to the correct amount. Take this as a basis and assume that the entire population of the United States for the eleven years would reach forty millions, which it will not, and the amount of taxes *per capita* paid in the eleven years would be about $188, which would be to every head of family of five persons the large sum of $940. Such taxation as this is enormous; it almost amounts to confiscation; no people can be prosperous under such taxation. It is stated in that same message that the Federal and local taxes in 1860 were $4.90 *per capita*, and in 1870 $18.91 *per capita;* nearly four times as great in 1870 as in 1860. In 1860, as I have shown from the report of the Director of the Mint, there were two hundred and seventy-five millions of coin in the country; now we have one hundred and forty-two millions—but little over one-half the amount. Then the Government owed but little; now the national debt alone is over $2,000,000,000, and nearly a billion and a half dollars of our obligations are held abroad, and our coin is semi-annually leaving us and going into the coffers of foreign capitalists.

CONTRACTION OF CURRENCY.

The republican party has contracted the currency of the country and taken away from the people a large portion of the currency they had, without producing specie payment or appreciating the currency left, thereby depreciating the value of labor and all kinds of property except interest-bearing, non-taxable Government securities; and

that party proposes to still further contract the currency and increase the interest-bearing debt. It passed a bill through this House the last session of Congress to resume specie payment in 1879 by selling the bonds of the Government payable in coin, bearing interest in coin, for the purpose of procuring gold to redeem the legal currency.

The power conferred on the Secretary of the Treasury by that act was to a very great extent unavailing, and now the Secretary asks that power be given him by Congress to fund the legal-tender notes into interest-bearing bonds, and that Congress also provide that the legal-tender notes shall not be a legal tender for liabilities incurred after the 1st day of January, 1877. That done, and, in my opinion, almost universal bankruptcy will follow; every business man who has liabilities, and does not have money on hand to pay the same, must fail. The volume of currency, which is not too large now for the business of the country, will be so contracted that the people will be unable to procure money to meet their demands for supplies and pay their taxes. The people are largely indebted and they would be unable to pay.

But we are told, in effect, that there is no debtor class in this country. The honorable gentleman from New York [Mr. WILLIS] said the other day:

There is no real difference between any two classes in this country. Demagogism can erect no barrier which common sense cannot tear down. The creditor class is more than twice as numerous as the debtor class. People constantly change from one to the other. The creditor to-day is the debtor to-morrow.

I do not know what relation the creditor and debtor class as to numbers bear to each other; but the honorable gentleman must remember that to the tax-gatherers of this country the whole people are indebted, and that about $275,000,000 are paid annually into the Federal Treasury, to say nothing about the amount paid as State and municipal taxes. The Government in turn does not owe one in a thousand of the people; in fact, the large amount thus paid into the Treasury is largely disbursed to foreign countries, and another very large amount is paid to comparatively a very few of our citizens who hold our securities.

But we are told by those who favor the retirement of the legal tenders that when that is done coin will flow into the country and take the place of the currency thus retired; that a demand for coin will be created; and that, in obeying the universal laws of supply and demand, coin will come in to supply the demand created by the retirement of the currency. This doubtless would be true if there were not other causes acting to prevent it. Let us examine this proposition in the light of the statistics and facts. As I have shown from official figures, we have in the United States $142,000,000 of coin. The annual product of our mines of gold and silver is a little less than $72,000,000; the annual coinage of our mints, a little over $43,000,000.

The annual exports of coin since 1862 have exceeded the imports of same by more than $60,256,274.46; the imports of merchandise since 1862 have exceeded the exports of the same by more than $1,000,000,000. How can coin flow in to supply the place of retired currency while these causes are acting? Our mines, it is true, add so much each year to our capital stock of coin, but it is lost in the excess of exports of coin and excess of imports of merchandise. Hence, we can see that, until the products of our mines are largely increased or the loss of our coin through exportation is prevented and the balance of trade made in our favor, thereby producing an influx instead of an efflux of coin, we cannot rely upon coin flowing in to supply the place of retired currency. Foreigners will not bring gold here and give it to the people. They must have something to exchange for it. To-day $1,350,000,000 of our obligations are held abroad. To pay the annual interest thereon in coin exceeds the entire products of our mines. How, then, is gold to accumulate in the United States?

The honorable gentleman from Texas [Mr. SCHLEICHER] told us the other day that "the higher interest alone which is generally paid on this side of the Atlantic will always facilitate the floating of gold and silver to this country." Is that the way the supply of coin is to be had? Retire our greenbacks and let our business men borrow coin from abroad at a high rate of interest to supply the place of the currency retired, thereby increasing the debt of our people to foreign capitalists, virtually giving a mortgage upon this country to them? I do not believe the people and business men of this country desire that.

REPUBLICAN PARTY RESPONSIBLE.

The honorable gentleman from Maine [Mr. BLAINE] a few days ago, in a speech upon this floor, attempted to hold the democratic party responsible for the present financial condition of the country. But no attempt, however able it may be, can make the democratic party responsible for the status of the finances of this country. The whole monetary system of finance is the work and production of the party to which the gentleman belongs. That party has been in power for fifteen years and has had full control of the legislation in both Houses of Congress and could pass any law it desired, and with proper legislation after the close of the war could have so developed the productions and interests of this country that our exports would have been largely augmented and our imports diminished, our foreign trade would have been in a healthy condition, and our currency would to-day be at par with coin. After laboring hard to cast the responsibility upon the democratic party, and doubtless feeling that something must be done to at least palliate the action of the republican party, and doubtless having a lurking belief at least that the country would not hold the democratic party responsible, the honorable gentleman from Maine made an attempt to excuse the republican party from responsibility. He said:

As matter of fact, however, I am quite willing to admit that during these ten years no positive and vigorous steps have been taken toward specie payment. So long as the business of the country was progressing reasonably well, it was not practicable or possible to set to work deliberately, without the pressure of necessity, to force specie resumption.

And further on he said:

But now the case is changed. Overtrading, the wild spirit of speculation, the undue expansion of credits, enormous investments in premature enterprises, have worked out their legitimate and inevitable results, and with a full volume of paper money the crash came; prices have fallen; settling day has arrived; painful liquidation proceeds, and the whole commercial and financial fabric is settling down on a solid foundation. Experience convinces where precept falls only on deaf ears, and to-day we have men by the thousand longing and asking for a return to specie who three years ago would have violently opposed it.

Here is an admission that the party for the ten years took no positive and vigorous steps toward specie payment, and the excuse offered is that the business of the country was "progressing reasonably well and it was not practicable or possible to set to work deliberately, without the pressure of necessity, to force specie resumption."

It will hardly satisfy the country to say that when the business of the country was "progressing reasonably well" it was not practicable or possible for the party in power to have taken steps toward specie resumption; not possible for the Congress to enact such laws as would foster the commerce and all the great business interest of this great nation; not possible for the Congress to enact laws that would nourish and facilitate the business of the country that was "progressing reasonably well" until the pressure of necessity came.

To state the proposition is but to state an absurdity. There could be no better time to adjust the finances upon a healthier foundation than when business was "progressing reasonably well."

There is no better time to prepare for adversity than in prosperity. It is the province of wise statesmanship to anticipate the near future, to know the dangers that beset the ship of state, and to provide the way to avoid the storm, or at least to conduct her through it with safety. But now the case is changed; the crash has come, the business of the country is prostrate, thousands of good business men have been made bankrupt, the production of the great staple articles that enter into exportation has been neglected. American ship-building has been well-nigh destroyed and American shipping and tonnage have been well-nigh driven from the seas, and now we are told that the republican party is the only party who can be intrusted with the reins of Government. Now that party is ready to do what it could not do when the business of the country was "progressing reasonably well," to wit, resume specie payment.

The honorable gentleman puts his party very much in the attitude of the doctor who administered medicine to throw his patient into fits so that he might cure the patient, as he was very efficient in the treatment of fits. The republican party has admirably shown to the country its ability to throw its patient into fits. It has succeeded well in producing a spasmodical condition in the finances and business of the country, and now we are told it is the only party that can be trusted with the control thereof; and I presume the reason therefor is because of its great similarity to the fit-doctor, its superlative ability to treat its patient when in a convulsive state.

The people do not understand that kind of treatment that makes it necessary to well-nigh kill the patient before a cure can be effected or even attempted. They will be slow to further trust the party that has so well conducted the business of the country from prosperity to adversity. They will be slow to believe that the democratic party, which has been powerless for fifteen years, is responsible for the present financial distress. They will not be deceived by such sophistry, and they will hold the party responsible that has had entire control of the Government in all its departments.

The honorable gentleman from Maine also said:

We have done much to maintain our public credit, but I think we began at the wrong end when we made special exertion to raise the price of our bonds and left the legal tender to take care of itself. Had we devoted our energies to bringing the legal tender to par with coin, the bond would have followed; but unfortunately we found that the reverse is not the case. For myself I confess I always feel ashamed to see our bonds quoted at a large premium while our legal-tenders are at a heavy discount.

Here is a confession that the Congress blundered, that it "commenced at the wrong end," and that the honorable gentleman feels ashamed of the result of that blunder. I trust he is not the only member of his party that feels ashamed. The leaders of the party that "began at the wrong end" should hide their faces in shame in the presence of the distress and bankruptcy that are now in the land.

The gentleman said:

We made special exertion to raise the price of our bonds and left the legal tender to take care of itself.

Who is "we?" The republican party in Congress, of course. To what special exertion did the gentleman allude? I presume he alluded to the action of Congress declaring that bonds that had been issued by the Government that were payable in the lawful money of the United States should be paid in coin. That is the special "exertion" that raised the price of the bonds that makes the gentleman "feel ashamed" when he sees them quoted at a large premium. Who could not then see that it was beginning at the wrong end? Who could not then see that, if the lawful paper money of the United

States, the legal tender, had been appreciated to par, bonds would have followed? Is the party that was unable to see that to be intrusted with the further control of this question? Is it the only party that can be intrusted?

The bonds were held and owned by a few capitalists, a large portion thereof in foreign countries, who had purchased them in many instances at a heavy discount, at a time when they were payable in the lawful money of the United States. The greenbacks were lawful money and were in the hands of the great body of the people. A republican Congress "made special exertion" to raise the price of these bonds and left the legal tender to take care of itself, thereby legislating millions into the pockets of the capitalists at the expense of the toiling millions of America's noblest sons. And this was so potential and powerful to bring American citizens to shame that it has even reached the honorable gentleman from Maine, and so affected him that in a studied and prepared speech in the American Congress he has made an open confession of shame to the American people who have been so outraged. I commend that honesty that prompts a Representative to confess the sins and errors of his own party.

I charge that the republican party in Congress has been legislating in the interest of capital and of the few at the expense of the great body of the people, and I submit the speech and open confession of the honorable gentleman from Maine in support of the charge.

WHAT SHOULD BE DONE.

What should now be done to relieve the country? What can Congress do to give relief? This is the great question; it is the one in which the whole people of this country are interested. I do not believe it is in the power of legislation to at once restore the country to prosperity. Time, through the healthful laws of trade, is necessary. But I believe Congress can do much toward relief. It can do much toward producing a healthy condition in our finances and of our commerce.

Congress should at once repeal the resumption act. The people demand it. It is a fraud and a cheat. No considerable number of men pretend to say that we can go to specie payment in 1879 under the provisions of that act. The people of this country do not favor the conversion of our legal-tender currency into an interest-bearing debt. The contraction of the currency should at once be stopped. The volume is now doubtless too small for the business of the country. I do not believe the Government, however, should adopt a policy of unlimited inflation, and I would not favor such a policy.

I believe Congress should pass a law providing for the reception of at least a portion of duties on imports in greenbacks. Many believe that the Government should receive all duties on imports in greenbacks, and take the chances of buying gold to pay the interest on our bonds. That might be best; it might work well. I cannot say it would not, and I would much prefer to see the Government do that rather than do nothing. But the proposition for the Government to go into the market to buy gold is certainly open to some objections. Gold is now an article of merchandise, and the Government being a party in the market to either sell or buy gold, or both, tends to keep it an article of sale and purchase rather than a circulating medium as money or a basis for a circulating currency. Hence I believe it the wiser course at present to provide for the payment of a portion of the duties in coin, enough to enable the Government to raise coin sufficient to pay its gold interest on the public debt; but every cent of duty over that should be payable in greenbacks. I believe this would appreciate the value of the greenback. It would be a safe course, and after testing it, if it was discovered that the Government could safely receive the whole of the import duties in greenbacks without paying a large premium on coin and becoming a purchaser of coin in the market to such an extent as to materially encourage coin as an article of merchandise, then the Government should at once make legal-tenders receivable in payment of all duties. The Government depreciates its own paper by refusing to receive it in payment of all the dues to the Government. If the Government could make it receivable in payment of all public dues, without forcing itself into the market as a purchaser of coin, I believe the greenback would at once appreciate to par, or nearly so. But if, in attempting to appreciate the greenback to par by making it receivable for all dues, the Government should force itself into the market as a purchaser of coin, that fact would tend to hold coin as an article of merchandise and to keep up a premium thereon; so that, taking all things into consideration, I think it safest at present to make greenbacks receivable for a portion of the duties only, and see how that works before going further. Every thing should be done by the Goverument that can be to appreciate the currency to par with coin; that done, and the coin ceases to be an article of merchandise and goes into circulation as money, and thereby the volume of circulation is increased and our currency made better.

I would not demonetize gold and silver. That system of finance that would demonetize gold and silver and rely exclusively upon a paper currency without any relation whatever to gold and silver is certainly, to use mild terms, a very wild system.

Gold is the money of the world, and as long as that is so no nation that is a commercial nation can afford to demonetize the same. Suppose gold was not the money of the world, but that all nations had an exclusively paper currency, each one of course having its own. How would matters then stand? In the commerce between nations in what money would the balances of trade be paid? As a matter of course, if there was no money but paper money it would have to be paid in the paper money of the debtor nation. Suppose in such case that in the course of the commerce between the United States and Great Britain, for instance, the balance in our favor should be, say, $100,000,000, and that sum should be paid to the American citizens who were entitled to it in the paper currency of Great Britain and thereupon war would break out between the two countries. What would that paper money be worth? Of course it would be worthless; the holders would lose it. But if that $100,000,000 were paid in gold it would be as good in the hands of our American citizens after war came between the two countries as before. If it were in foreign coins it could be coined into American coin. We must not lose sight of the fact that gold is the money of the world and is the money in which the balances of trade between nations must be paid.

Again, I would not demonetize coin, because that would destroy millions of dollars of wealth that we have in our mines of gold and silver.

The national-bank currency should be retired and Treasury notes substituted in its place. This should be done gradually and in such manner as to not be in bad faith with the banks and not to oppress the holders of the national currency. The national banks savor too much of monopoly to suit the people of this country. They can increase or diminish the volume of currency in circulation at their will, and that is a dangerous power to intrust to a few banks and corporations.

I believe much might be done toward general relief in the way of adjusting tariff duties. Duties should only be levied for revenue purposes, and should be so adjusted as to fall mostly on the wealthy, who are most able to pay. Much of the revenue is now, in fact, collected from the labor of the country.

The labor of the country is its real wealth. It is that that produces property, brings forth from the earth by the sweat of the brow of hundreds of thousands of honest, toiling agriculturists millions of dollars annually, which is added to the capital stock of the nation.

Too much of the property and wealth of this country is exempt from taxation. It seems to have been a studied policy to relieve the wealth of the country from taxation.

INCOME TAX.

I believe that a properly adjusted income tax would be a wise measure at a time when of necessity the Government is compelled to collect such large sums of money from the people.

When taxes are low, even should they not be very wisely adjusted, the people do not feel the effect of an unwise adjustment; but when the taxes of a nation annually approximate its entire increase in wealth, then the adjustment of such taxes should be very skillfully and wisely done; and all property should, if possible, be made to bear its equal portion of the burdens of taxation. I know there are some very serious objections to an income system of taxation. It is inquisitorial in its character, and should probably not be resorted to except in times of extreme heavy taxation.

Every intelligent gentleman knows that there are thousands of capitalists and wealthy persons in this country who pay comparatively but little or no taxes, holders of large amounts of untaxed Government securities, who are receiving from the hard earnings of the people of this country large incomes in the way of interest.

No class of people can afford to pay taxes better than those who have been fortunate and made large incomes. These incomes are made because of the protection of the laws of the country. I have made an examination into the reports of the Commissioner of Internal Revenue from the creation of an income tax in 1864 to the year 1872, when the income tax ceased, and I find that there was collected during that time from incomes the sum of $341,706,036. During a part of this time I believe there was exempt from the net income of each head of a family $600, and a part of the time $1,000, which was allowed each head of a family in each year for the support of his or her family.

This large sum of revenue, amounting to nearly one-third more than the total revenue of the United States during the last fiscal year, and nearly equal to all the greenbacks in the United States at this time, was collected from incomes over the exemptions above mentioned; collected from those who could well afford to pay them; collected largely from those who without an income tax would pay but little or no taxes; much of it collected from those who hold large amounts of untaxed Government securities—collected from the wealthy classes of the people, and relieved labor and the poorer classes from governmental exaction of that large sum of money. But this income tax was repealed, and the large amount of taxes that would have been collected from incomes and from those who were well able to pay taxes without feeling the burden of taxation has been and is being collected from the poorer classes—those who are least able to pay taxes. Why relieve those so able to pay taxes at a time in the history of this country when taxation is almost unbearable? There can be no good reason for it. No wonder the people believe that the legislation of this country for years has been in the interest of capital and monopoly and against the interest of labor and the great mass of the people.

It is the wisdom of legislation to so adjust the taxes as to relieve labor and the poorer classes and let the burden fall on those most

able to bear the same. Monopolies and capitalists can have lobbyists here to look after their interest, but the poorer classes, the great mass of the people, are unable to hire lobbyists to represent their interests, but must rely upon their representatives to protect their rights; therefore the eyes of the representatives should ever be turned toward the people who have intrusted their interests into their hands.

EXPENSES OF GOVERNMENT.

The expenses of the Government can be cut down, I believe, safely thirty or forty million dollars from what it has been for years past. I am glad to say that the Committee on Appropriations and this House have done so much already in that direction despite the opposition that has been made by the other side. I feel sure those on this side of the House are firmly impressed with the absolute necessity of rigid economy in all the public expenditures, and I hope the pruning-knife will not be spared wherever it can be applied without detriment to the public service.

Economy in public matters will beget economy in private life. Reasonable economy in all Government officials and Government matters will beget economy among the people and will run down through all the ramifications of public and private life, and thereby millions of dollars will be saved.

I have shown that the great drain upon the coin of this country by foreign countries is more than equal to the annual productions of our mines. How then can we as a nation restore our finances to a healthy condition and reach specie payments, so much talked of? That is to be done by increasing the productions of this country that enter into our exports and bring us the gold, and by increasing the productions of articles that we import for consumption, thereby retaining a large amount of coin that we now pay to foreign nations, and by receiving coin from abroad for our increased exports, thereby causing the flow of coin to the United States instead of from it; that once done and our financial question is settled, and I believe it is the only solid basis upon which it can be settled.

And in support of this view I hope the House will pardon me for quoting from a speech delivered a short time ago by Governor Hendricks, of Indiana, at New Orleans, one of the nation's wisest statesmen, and one whom I believe the nation can safely trust. He is reported in the papers as having said:

> And I now come to two questions of the highest importance to every tax-paying community in the United States; how can you add and how much to the wealth of the country by an increased production of articles of exports? That is the first question. The second is this: How and how far can you prevent the loss of national wealth by increasing your production of articles which we now largely import? * * * Every bale of cotton and hogshead of tobacco laid upon the wharves of Liverpool and Havre add to our supply of gold, for they command the gold at once; and every pound of rice and sugar and every gallon of molasses produced here in the State of Louisiana save us importing so much, and thus retain the gold in the country.

And further on he is reported as having said:

> And if you thus annually add $50,000,000 to our supply of gold, and if a rigid economy be introduced and observed so as to reduce our national expenditures forty or fifty million dollars more, our financial questions will be solved. Gold and silver will accumulate; the difference in commercial value between them and our paper currency will rapidly decrease.

Again, he said:

> But the wildest theorist would hardly ask us to base our hopes of a return to specie payment on a complicated and ingenious plan of borrowing gold that would be sure to disappoint us and would very probably lead us into still more serious perplexities.

COUNTRY WANTS PEACE.

The country wants peace. The bitter feelings between the people of the North and South engendered during the war have been kept alive too long by designing politicians. The people of the East and West, the North and South, should regard each other not as enemies, but as friends and brothers of one common country, subject to one common destiny. The citadel of liberty is of that tender and delicate character that to invade it in any of its parts by taking from the people of any of the States their constitutional rights is to endanger the entire fabric and to tear away from the whole people the broad mantle of constitutional liberty. The hard times following the panic have made the people of this whole country feel that they have one common interest, one common country, and one common destiny. The cruel god of war has curbed his gnashing teeth of vengeance. Our troubled waters have been assuaged, and the anxious dove of peace and hope has again returned to our land bearing in her beak the olive leaf.

Every attempt to fan into flames the smothered embers of ill-will now so nearly extinguished between the people of the North and South by holding up to the public gaze the horrors and sufferings of the late war, whether that attempt come from the North or the South, whether it be made in the pulpit, on the rostrum, or in the halls of legislation, should meet the solemn, stern rebuke of every lover of his or her country and its future destiny. The bloody-shirt business will not do. The people want something else, something substantial. And to all these things I would add reformation in all the departments of the civil service. The ulcer of political and social demoralization, which is eating away the life of the Government, should be permanently eradicated at once. Every intelligent citizen must know that the Republic cannot long survive the destructive elements now at work.

The safety of republican institutions exists only in the intelligence and virtue of the people. The Government should teach by example; purity should exist in high places. The Government should foster every means for the education and diffusion of general intelligence among the people. It is the people that constitute the Republic. In the language of another:

> What constitutes a state?
> Not high-raised battlement or labored mound,
> Thick wall or moated gate;
> Not cities proud with spires and turrets crowned;
> Not bays and broad-armed ports,
> Where, laughing at the storm, rich navies ride;
> Not starred and spangled courts,
> Where low-browed baseness wafts perfume to pride;
> No; men, high-minded men,
> With powers as far above dull brutes endued
> In forest, brake, or den,
> As beasts excel cold rocks and brambles rude,—
> Men, who their duties know,
> But know their rights, and, knowing, dare maintain,
> Prevent the long-aimed blow,
> And crush the tyrant while they rend the chain;
> These constitute the state.

CORRUPTIONS IN HIGH PLACES.

Sir, the great tyrant and enemy to the liberties of the people in this country are the corruptions in high places. There seems to have been a general disregard for the rights of the people among officials. Rings and combinations have been formed for corrupt purposes among officials and men in high places, and by such means the laws have been violated, the people's money stolen. These rings have been so strong as to baffle all the authorities, and I predict that if the full extent of these organizations and their doings is hereafter made known, the American people will learn that they as yet know but little of their magnitude and extent. I do not desire in a partisan spirit or for partisan purposes to make the charge that I am now about to make; but in the interest of truth, good government, and the rights of the people I am compelled to say that these rings and corruptions have existed in high places for years past, and that during that time the republican party has been in full power in all the departments of Government. Fraud and corruption have not existed to such an extent in any other period of the country's history.

That frauds and corruptions usually follow civil wars is doubtless true. But the republican party has shown itself incompetent, whether willingly or otherwise makes no difference, to put a stop to these frauds and corruptions. It is true investigating committees have been created in almost every Congress when the press of the country was pressing the frauds and corruptions upon the attention of Congress, but these investigating committees appear to have been skilled in but one thing, and that was the use of the whitewash-brush, and the result has been whitewashing reports. The investigations by this Congress have developed startling frauds and corruptions. The country is indebted to the democrats in this House for the exposures of the frauds and corruptions that have been made. These investigations and exposures have caused one high in official position to resign his position in hot haste; and that resignation was also in hot haste accepted by the President, and is now being used to save that resigned officer from impeachment. For what purpose and with what intention that resignation was made and accepted I will leave the country to judge.

It is believed that, if the witness Kilbourn had answered truthfully the questions propounded to him which he refused to answer and produced the books required by the committee, still other startling and gigantic frauds and corruptions would have been made known and exposed. But the witness refused to answer and to produce the books, and the House, in the constitutional exercise of its privilege and the only power known to the law to compel an unwilling witness to answer, imprisoned the witness after hearing his written defense. A Federal judge of the District of Columbia, an appointee of the President, has released the witness from the imprisonment and held for naught the order of imprisonment of the House, so that to-day the 40,000,000 people of this country are confronted with the monstrous doctrine that when Congress, one of the co-ordinate branches of the Government, attempts to examine a witness relative to a matter in which the whole people are directly interested and which may involve some one or more who is or has been in high places in the gravest and most gigantic frauds and corruptions, all the witness has to do is to refuse to answer the interrogatories propounded to him, and if the people, through their Representatives in Congress, in the only manner known to the law and the rules governing parliamentary bodies, attempt to compel the witness to answer by imprisonment, a Federal judge, an appointee of the President, can release the unwilling witness from the imprisonment by the pretended virtue of the writ of *habeas corpus* and thereby stop investigation, and say to the Congress and through the Congress to the whole people of this country, "You cannot compel this witness to answer," thereby destroying the independence of this co-ordinate branch of the Government and supplanting it at the pretended judicial feet of one man. Verily we have drifted into the doctrine of the one-man power. I am not one of those who believe in the Congress trenching upon the constitutional rights and powers of the other co-ordinate branches of the Government, neither do I believe that Congress, as a co-ordinate branch of the Government under the Constitution, should surrender any of its constitutional rights and powers, nay, its duties, to any other branch of the Government. It is the constitutional duty of Congress to retain and exercise at the proper

time and in the proper manner the powers and duties conferred on it by the Constitution and laws of the land.

Sir, I believe redemption is yet possible. I believe the keen sagacity of the people will detect and prevail.

The whole matter is with the people. They can thrust aside the danger. They can crush the tyrant and rend the chain. They have a staunch weapon, the ballot:

A weapon that comes down as still
As snow-flakes falling on the sod;
But executes a freeman's will,
As lightning does the will of God.

REPEAL OF SPECIE RESUMPTION ACT.

Mr. SOUTHARD. Mr. Chairman, I rise to present some views upon the question of the repeal of the so-called specie-resumption act. I deem them not inappropriate in this connection, the question of currency being so intimately blended with that of economy in the public expenditures as a means of relief in times like the present.

On the 14th of December I introduced the following bill, providing for an unconditional repeal:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the act entitled "An act to provide for the resumption of specie payments," approved January 14, 1875, be, and the same is hereby, repealed.

Under the rules the bill was required to be referred to the Committee on Banking and Currency, where it still remains awaiting its action. What is there in the history or provisions of that act to entitle it to the confidence or support of this House or the country? It was conceived in a party caucus, and pressed through Congress, without discussion or amendment, by a strictly partisan vote, not one democrat in either the Senate or House having given it his support.

Speaking of the republican party, Senator SHERMAN, chairman of the Finance Committee of the Senate, who reported the bill to that body, took occasion to state in the late Ohio canvass that—

It went into the canvass last fall divided in its councils, and silent, when it should have spoken. The result was our defeat, and the restoration of the democratic party to power in the House of Representatives, with some eighty confederate officers to represent the lost cause. When Congress met at its last session this severe defeat had one good effect, at least, in convincing republican members of Congress that a party charged with the administration of the Government must be able to agree upon the most pressing question of the time. The result was, after the most careful deliberation—

In caucus, of course—

after the frequent exchange of opinions, after mutual concessions by republicans of differing opinions, Congress did pass a law which does definitely declare a public policy, and provides ample means to restore our currency to the gold standard by the 1st day of January, A. D. 1879.

Party necessity, not the public weal, was the controlling agency. I need not enlarge upon this. It is a matter of notorious history, and it is to be regretted that the prosperity and happiness of the people should be thus subordinated to the mere success of any political party.

But what are the provisions of this remarkable act? They are embraced in three sections. The first relates to the substitution of subsidiary silver coin for the fractional currency; and the second, to the coinage of gold bullion by the Government free of charge to the holders. These two sections, however, are comparatively immaterial to my present inquiry. The third section contains the gist of the act. I will ask the Clerk to read it, that we may the better comprehend it.

The Clerk read as follows:

SEC. 3. That section 5177 of the Revised Statutes of the United States, limiting the aggregate amount of circulating notes of national banking associations, be, and is hereby, repealed; and each existing banking association may increase its circulating notes in accordance with existing law without respect to said aggregate limit; and new banking associations may be organized in accordance with existing law without respect to said aggregate limit; and the provisions of law for the withdrawal and redistribution of national-bank currency among the several States and Territories are hereby repealed. And whenever so often as circulating notes shall be issued to any such banking association so increasing its capital or circulating notes, or so newly organized as aforesaid, it shall be the duty of the Secretary of the Treasury to redeem the legal-tender United States notes in excess only of $300,000,000 to the amount of 80 per cent. of the sum of national-bank notes so issued to any such banking association as aforesaid, and to continue such redemption, as such circulating notes are issued, until there shall be outstanding the sum of $300,000,000 of such legal-tender United States notes, and no more. And on and after the 1st day of January, A. D. 1879, the Secretary of the Treasury shall redeem in coin the United States legal-tender notes then outstanding on their presentation for redemption, at the office of the assistant treasurer of the United States in the city of New York, in sums of not less than $50. And to enable the Secretary of the Treasury to prepare and provide for the redemption in this act authorized or required, he is authorized to use any surplus revenues from time to time in the Treasury not otherwise appropriated, and to issue, sell, and dispose of, at not less than par, in coin, either of the descriptions of bonds of the United States described in the act of Congress approved July 14, 1870, entitled "An act to authorize the refunding of the national debt," with like qualities, privileges, and exemptions, to the extent necessary to carry this act into full effect, and to use the proceeds thereof for the purposes aforesaid. And all provisions of law inconsistent with the provisions of this act are hereby repealed.

Mr. SOUTHARD. It will be observed that provision is here made for the extension and perpetuation of the national banking system, for the redemption and extinguishment of the whole volume of United States legal-tender notes, and for the sale of Government bonds to procure gold and silver with which to redeem the legal-tender notes and fractional currency. The redemption of the legal-tender notes is to begin at the rate of 80 per cent. of the increase of national-bank notes, and to continue until the whole volume of legal-tender notes outstanding shall not exceed three hundred millions, and ultimately, and as early as the 1st day of January, 1879, the remaining three hundred millions are to be redeemed, on demand, in coin.

For this purpose of redemption, since there are no surplus revenues to be applied, a sufficient amount of gold must be procured by sale of Government bonds. The present condition of the Treasury is most unhopeful. The Secretary informs us in his last annual report that he is compelled to sell portions of the scanty supply of gold on hand to meet the ordinary expenses of the Government. His language is:

The Secretary regrets that the condition of the Treasury has been such as to render it necessary to make sales of gold coin from time to time to meet the current expenditures payable in currency. Such sales have been made in New York City, upon public notice, in accordance with the plan previously adopted, and have been limited from month to month to the amount necessary to meet probable demands upon the Treasury under existing appropriations.

We are further informed by the Secretary that it will be very difficult if not quite impossible to accumulate coin sufficient in the time allotted to carry the act into effect. He says:

The act confers large powers on the Secretary of the Treasury, touching the issue of United States bonds for the purpose of procuring the supply of gold necessary to execute such of its provisions as go into immediate operation, and to provide for the redemption in gold of United States notes outstanding on and after the 1st of January, 1879. In this respect the power conferred on the Secretary is ample; but if, for any cause, it should be found impracticable to accumulate in the Treasury a sufficient amount of gold to carry out the provisions of the act, the Secretary is left without the choice of other means to accomplish the end. It may, perhaps, be doubted whether the process of accumulating a large amount of gold by a given time could go on without meeting opposition from the financial powers of the world. It is safe to say that so large an amount of gold as would be required to carry out the purpose and direction of the act cannot be suddenly acquired. It can be done only by gradual processes, and by taking advantage of favorable conditions of the money market from time to time.

The act, however, peremptorily requires the Secretary to do precisely what he declares cannot be done. It compels him to accumulate "a large amount of gold," not by "gradual processes" and by taking "advantage of the favorable conditions of the money market from time to time," but to "suddenly acquire," and by a given time—that is, by the 1st of January, 1879—an amount sufficient to redeem some three hundred and seventy millions of legal-tender notes now outstanding. The law is imperative, absolutely and unconditionally requiring him to have ready the coin at whatever cost or hazard. He must do this, notwithstanding he may thereby derange the money market, enhance the premium on gold, unsettle all values, paralyze the business of our own country, and provoke the "opposition of the financial powers of the world."

But suppose the necessary amount of gold could be procured, what then would be the result? Simply this: The three hundred and eighty-two millions of legal-tender notes which were outstanding at the date of the passage of the act would be funded into interest-bearing bonds, the greenback promise to pay would be converted into a bond promise to pay, the debt bearing no interest into a debt bearing interest. This exchange would cost the people a large annual interest. But this would not be the most serious difficulty resulting. The legal-tender notes possess a dual character. They are not only a debt of the Government, but the currency of the people. They are made receivable for many public and all private debts. With the dearth of gold that exists in the country, they serve a useful and quite an indispensable function as money. When the process of redemption shall have been completed, that coin sufficient will remain to satisfy all the purposes of a legal tender in the extended business transactions of the country is a result which no one can predict with any degree of certainty. The strong probability is that such will not be the case.

The act is based upon the assumption that the legal-tender notes are the sole disturbing element in our finances. They are suddenly become "worthless." The time was, however, when the republican party did not make this avowal. The epithets of "rag-baby" and "cabbage-leaves" are of recent origin and application. The President, in his annual message of 1873, bore this testimony to the high character of this currency:

The experience of the present panic has proved that the currency of the country, based as it is upon the credit of the country, is the best that has ever been devised. Usually in times of such trials currency has become worthless or so much depreciated in value as to inflate the values of all the necessaries of life as compared with the currency. Every one holding it has been anxious to dispose of it on any terms. Now we witness the reverse. Holders of currency hoard it as they did gold in former experiences of a like nature.

And the Secretary of the Treasury, in his annual report of the same year, said:

Entire confidence was manifested in United States notes, and even in national-bank notes, and they were drawn wherever they could be obtained, and were largely hoarded with as much avidity as coin was ever hoarded in times of financial distress when that was the circulating medium of the country.

I pass by the fact that during a period of war the republican party authorized all the issues of legal-tender notes, and come down to the *post bellum* period. It should be remembered that a republican Supreme Court declared these notes lawful money and a legal tender and that in a time of profound peace, in the year 1874, a republican Congress had such entire faith in them that it passed an act increasing the volume to four hundred millions. This was done as a measure of relief in the then prevailing financial crisis. There was a general belief in the efficacy of the means, and especially in that section of

the country now so urgently insisting upon the retirement of the existing volume.

Referring to the crisis, in his annual report of 1873, the Secretary of the Treasury says:

In this condition of things great pressure was brought to bear upon the Treasury Department to afford relief by the issue of United States notes. The first application came from a number of gentlemen in New York, suggesting that no measure of relief would be adequate that did not place at the service of the banks of that city $20,000,000 in United States notes, and asking that the assistant treasurer at New York should be authorized to issue to those banks that amount of notes as a loan upon a pledge of clearing-house certificates secured by ample collaterals and for which certificates all the banks were to be jointly and severally responsible.

This being declined, the Secretary further says:

Subsequently the New York Produce Exchange made a proposition to accomplish the same result in a different form, and also requested, as others had before, that the Secretary should pay at once the twenty-million loan of 1858.

Again he adds:

It should be stated, in the excitement there were many persons in the city of New York who insisted with great earnestness that it was the duty of the Executive to disregard any and all laws which stood in the way of affording the relief suggested by them—a proposition which indicates the state of feeling and the excitement under which applications were made to the Secretary of the Treasury to use the public money, and which, it is scarcely necessary to add, could not be entertained by the officers of the Government to whom it was addressed.

It is worthy of remark here, that the officers of the Government finally yielded in so far as to cause to be issued twenty-six millions of legal-tender notes, contrary to what was then generally claimed, and is now conceded to have been, the law. To-day, however, we find the policy wholly reversed. The same republican Congress which, in 1874, declared by its solemn act an increase of legal-tender notes necessary as a means of relief, in 1875, while the financial crisis was still impending, declared the destruction of the whole existing volume alike necessary for the self-same purpose. The legal-tenders are to be redeemed—that is, paid off and canceled—not appreciated to par and maintained as a part of the circulating medium.

But where is the specie basis or the system whereby, for the future, the paper money is to be made convertible into coin at the will of the holder? The specie basis, to be of any practicable value, must not only be reached but kept. To maintain it, it is not enough that the legal-tenders be funded. Something more is required. There must be a supply of coin. We have the high authority of the President's annual message of 1873 for the doctrine that—

A specie basis cannot be reached and maintained until our exports, exclusive of gold pay for our imports, interest due abroad, and other specie obligations, or so nearly so as to leave an appreciable accumulation of the precious metals in the country from the products of our mines.

However that may be, it is certain that the state of business, trade, and commerce has much to do with the question of gold supply. These natural conditions are entirely overlooked. Nay more, the act, as if to particularly avoid the permanent establishment of the specie basis, removes the limitation upon the issue of national-bank notes, without making any provision for the convertibility of the notes into coin at the will of the holder. Existing banks may increase their circulation and new banks be organized, says the act, "in accordance with existing law without respect to said aggregate limit." And under existing law no reserve, either in coin or paper, is required to be held on circulation. The act approved June 20, 1874, released the banks from this obligation. An exception only exists in relation to those banking associations organized for the purpose of issuing gold notes, which are still required to retain a reserve of 25 per cent. of gold and silver coin on their circulation. As to all other banks there is complete exemption, and their issues may be increased to any extent to which bonds may be procured as security. It has been supposed that such free banking would not be safe until the specie basis had been reached and provision made for securing redemption. It was upon this condition that the President ventured the suggestion of free banking in his annual message of 1873. He said:

In view of the great actual contraction that has taken place in the currency, and the comparative contraction continuously going on due to the increase of population, increase of manufactories, and all the industries, I do not believe there is too much of it now for the dullest period of the year. Indeed, if clearing-houses should be established, thus forcing redemption, it is a question for your consideration whether banking should not be made free, retaining all the safeguards now required to secure bill-holders. In any modification of the present laws regulating national banks, as a further step toward preparing for resumption of specie payments, I invite your attention to a consideration of the propriety of exacting from them the retention, as a part of their reserve, either a whole or a part of the gold interest accruing upon the bonds pledged as security for their issue. I have not reflected enough on the bearing this might have in producing a scarcity of coin with which to pay duties on imports to give it my positive recommendation. But your attention is invited to the subject.

The act retains "all the safeguards" then required "to secure bill-holders," but the means of "forcing redemption" is entirely omitted. Neither is there a reserve of "either the whole or a part of the gold interest accruing upon the bonds," as a redemption fund. Specie resumption, or convertibility of the bank-notes into coin on demand, finds no recognition in the act. All means of securing this is remitted to future legislation, if, indeed, we are ever to have the element of convertibility infused into national-bank notes. It is no answer to this to say that after the retirement of the legal-tenders there will be no other "lawful money" in which the banks may redeem their notes than gold and silver, and that, therefore, they will be compelled to redeem in coin. Neither the naked declaration of the law nor the prudence of bankers is sufficient for this purpose. To insure convertibility, the means must be provided. In the power of the holder of a note to obtain present convertibility rests all the advantages of the specie basis. This power is not conferred, for there is no coin reserve to effectuate it. The security through deposit of bonds is ample to insure the ultimate redemption of the notes, but not present convertibility. This security is now operative for this purpose, and as much so as it will be after the legal-tenders are retired. The specie basis provided for in the act, even if it could be enforced, is a sham and delusion; and the day of its full execution should be celebrated as the beginning of the reign of "rag money." It has not the poor apology of a nominal specie basis, where a small percentage of coin reserve is held. And even this affords no adequate protection against fluctuations and suspensions of payment. Mr. Secretary McCulloch, in his annual report of 1865, while urging a return to a specie basis, was compelled to say:

It is admitted that on a coin basis there will be periods of expansion. Times of the greatest expansion and speculation in the United States have been, indeed, when the banks were nominally paying specie. This was the case prior to the revulsions of 1837 and 1857, the expansion of credits having in both instances preceded suspensions; but this does not militate against the theory just stated.

Again:

The financial crisis of 1857 was the result of a similar cause, namely, the unhealthy extension of the various forms of credit. * * * Now, in both these instances the expansions occurred while the business of the country was upon a specie basis, but it was only nominally so. A false system of credits had intervened, under which payments were deferred and specie as a measure of value and a regulator of trade was practically ignored.

The amount of paper circulation on the 1st of January, 1837, as appears by the report of the Secretary of the Treasury of 1838, was $149,185,890, while the amount of specie in the banks was $37,915,340, or nearly 25 per cent. This, however, was not sufficient to either insure convertibility of the bills or promote a healthy state of business. Expansions of bank credits in the form of deposits and loans then reached dimensions comparatively as extravagant as those which we witnessed in the fall of 1873. In the latter year the banks failed to meet their obligations even in currency. In the one case there was a nominal specie basis, in the other a credit basis, and in both cases like suspensions of payment followed with like disasters. Where there is an actual coin dollar back of each paper dollar that floats in its stead, the paper dollar may be quite as stable as the coin, but when the law requires only a small fraction of coin or none at all to be held in reserve, there must oftentimes come fluctuations, disturbances, and suspension of payments. But it is no part of my purpose to go into a general discussion of the merits or demerits of specie payments. Opposition to this act does not imply opposition to the specie basis or friendly aid to a depreciated currency. All are in favor of appreciating our paper to par, and of maintaining it at that standard. What it does imply, and what I mean to distinctly assert, is that in the present abnormal condition of things, with the absence of gold in the country, with our large indebtedness at home and abroad, public and private, and with the existing depression of business, trade, and commerce, the specie basis cannot be reached, if at all, at the time nor in the mode and manner provided in this measure, without entailing general bankruptcy and ruin.

To meet the insuperable objections in the way of the enforcement of this act, its friends and advocates regale us by long dissertations upon the evils of "unlimited inflation." Is it true that unconditional repeal signifies this? Does it effect any increase of either the legal-tender or national-bank notes? By no manner of means. On the contrary, while it stops the contraction of the legal-tenders, it also stops the expansion of the national-bank notes. This is too plain to need elucidation to any intelligent mind. But while the repeal does not imply unlimited inflation, nor, indeed, any inflation at all, the enforcement of the act implies almost unlimited contraction. The issue made is contraction and non-contraction, not inflation and non-inflation.

As to the first eighty-two millions of legal-tenders to be retired so as to reduce the whole amount that remains outstanding to three hundred millions, there is to be issued national-bank notes in their stead, and thus far it results in no contraction, although it substitutes the one kind of currency for the other. But as to the remaining three hundred millions no such provision of law exists. There is no substitution of national-bank notes for that vast amount of legal-tenders: and not a tithe of the gold with which they are to be redeemed will remain to fill up the vacuum thus caused by their retirement. But the contraction does not stop here. The practical effect of the enforcement of the act will be to diminish also the volume of national-bank notes between now and the 1st of January, 1879, whatever may be the ultimate expansion of this class of currency. The national-bank notes are now redeemable in legal-tenders, and the banks will not stand by and see them retired, leaving on their hands the whole volume of their circulation to be taken care of by the hazard of future legislation or redemption in coin. While the legal-tenders may be used for redemption and before the 1st of January, 1879, the banks will surrender the major part of their circulation. This process has already begun in anticipation of enforcement. In one year from the time of the passage of the act the banks have retired and canceled $10,456,114 of their circulating notes, and have deposited in the Treasury $22,011,206 with which to redeem a like amount of their notes, making a practical contraction of their circulation of $32,467,320. In

the same time there was a redemption of legal-tenders to the amount of $10,172,780, and of fractional currency $2,243,525, or a total practical contraction of $44,883,625. And as the time approaches for final redemption the process of contraction will be greatly accelerated. In less than three years' time there will result a direct contraction of three hundred millions of legal-tenders, and, as incidental to this, a further contraction of a large portion of the national-bank circulation, probably some two hundred millions or more. So great and sudden a withdrawal of the circulating medium must inevitably overwhelm the country in bankruptcy and ruin.

Congress in 1868 was compelled to repeal the act allowing a contraction to the amount of four millions per month, and the present Secretary of the Treasury does not deem it safe to suggest a funding of over two millions per month of the legal-tender notes; and yet we are asked to stand by this so-called specie-resumption act which forces a contraction in a little over two years and a half of five hundred millions or more. It is appalling to contemplate the dire results of its enforcement, and the people with one common voice are demanding its repeal. In obedience to that demand, and to the highest and best interests of the whole country, it is the duty of this Congress to expunge the act from the statutes.

TEXAS AND PACIFIC RAILROAD.

Mr. CULBERSON. I propose to submit some remarks on the bill (H. R. No. 472) amendatory of and supplementary to the act entitled "An act to incorporate the Texas Pacific Railroad Company, and to aid in the construction of its road, and for other purposes," approved March 3, 1871, and the act supplementary thereto, approved May 2, 1872, and the act entitled "An act granting lands to aid in the construction of a railroad and telegraph line from the States of Missouri and Arkansas to the Pacific Ocean," approved July 27, 1866.

Mr. Chairman, believing that this bill to aid in the construction of the Texas and Pacific Railroad is one of the most important measures pending before this House, I desire to submit some observations and remarks upon it. Although this measure can in no sense be classed as a party measure or as one sectional in character, yet its magnitude and scope are such that both of the political parties seem indisposed to enter upon its consideration at the threshold of a great political canvass. Never perhaps since the formation of the Government has there been a presidential canvass in which will be enlisted a deeper feeling and a stronger desire for success on the part of each of the great political parties than that which will take place in November. The circumstances which surround both parties invest the struggle with great and peculiar interest, and it may not be wonderful that in preparing for the contest each party should desire to avoid all opportunity for criticism which usually presents itself upon the passage of any important measure, however well guarded the public interests may be. It is to be regretted that under influences like these a measure of vast importance both to the Government and people may yield to the exigencies of party and be allowed to repose in committee-rooms until the voice of the people shall call it forth.

This is not the only measure which may abide the coming election. Indications, unmistakable in character, clearly indicate that no great measure of remedial and reformatory legislation, nor measure of retrenchment of expenditures, except such as may be coerced through Congress by the aid of appropriation bills, will be allowed to become a law during this session. The hope may be indulged that when the smoke of the contest clears away and the fiat of the people is known we can address ourselves in earnestness to this the grandest measure now before the American people.

What is the proposition? The Texas and Pacific Railroad Company was chartered by an act of Congress in 1871, with authority to construct, own, and operate a railway line from Marshall, near the eastern border of Texas, to San Diego, on the Pacific Ocean, and with like authority to the New Orleans, Baton Rouge and Vicksburgh Railroad Company, chartered by the Legislature of Louisiana, to construct and operate a railway from New Orleans to the eastern terminus of the Texas and Pacific at the city of Marshall. The usual subsidies in lands were granted to these companies. Long before this legislation by Congress the State of Texas had chartered the Southern Pacific Railroad Company and the Memphis, El Paso and Pacific Company. The former was authorized to construct and operate a line of railway from the city of Marshall to El Paso, on the western border of Texas. The latter was authorized to construct and own a railway from Fulton, near the eastern border of Texas, to El Paso. Both of these companies were magnificently subsidized by the State. The land grants to these companies were the most valuable ever conferred by any authority in this country on works of internal improvements. Large belts of the most fertile lands of that fertile State were reserved from sale or location to meet the engagement of the State with these companies.

After the close of the war the Transcontinental Railway Company succeeded to the rights and franchises of the Memphis and El Paso Company. Shortly after the passage of the act of Congress incorporating the Texas and Pacific Railway Company, an act was passed by the Legislature of the State of Texas authorizing said company to acquire, own, and succeed to all the rights of the Texas companies before named. After a series of acts of the Legislature and conditional changes of the donations the Texas and Pacific Railway Company became possessed of all the rights of the companies named, and by a legislative adjustment of a controversy between the State and said company the subsidies settled and agreed upon consisted of twenty-four sections of land to the mile, and the Texas and Pacific Company undertook to comply with all the terms of the original grant. This act of adjustment required the construction of the road from Marshall to Texarkana, thence to Sherman, thence to Fort Worth, connecting at that point with the main line.

Since the acquisition of these chartered rights by the Texas and Pacific Railway Company the road has been completed from Marshall, say, to Forth Worth on the main line, and from Sherman to Paris on the transcontinental division of the road, aggregating about four hundred miles of completed road equipped and in successful operation. The proposition now is to extend the road from the city of Marshall to Vicksburgh; to preserve and secure a connection with New Orleans by a branch over an independent route from the city of Marshall; to provide a connection with Memphis by an independent line to Jefferson, Texas; to connect the coast cities of Texas with the main line by a branch to Waco, and also to abandon the charter of the Atlantic and Pacific road from Vinita to the ocean, and allow said company to unite with the Texas and Pacific at a point east of El Paso; and by the provisions of the bill and proposed amendments the road is to be completed within a time prescribed, including the unfinished sections of road between Paris and Texarkana and Sherman and Fort Worth. A glance over the map will show the magnitude of the enterprise and the vast section of our country to be benefited by the completion of the road and branches as proposed. The connections on the Mississippi River at Memphis and Vicksburgh with the railroad system of the Gulf and Atlantic States present a continuous southern highway across the continent, while western, northern, and eastern States, already checked with railroads, connect with the proposed lines under the most favorable circumstances.

THE AID DESIRED.

Mr. Chairman, several bills have been introduced at this session of Congress to aid in the construction of the Texas and Pacific Railway. The provisions of these bills are, in most respects, similar. The bill introduced by the gentleman from Tennessee [Mr. ATKINS] is the most elaborate and carefully prepared measure on this subject before Congress, and it is understood that its provisions, in the main, are acceptable to the company and the advocates of the enterprise. With some amendments proposed, and not seriously opposed, the measure will present the greatest strength which can be gathered in support of this legislation. The provisions, object, and expediency of the measure have been presented to Congress and the country by the gentleman from Tennessee in an able and exhaustive speech, leaving those of us who follow but a small margin to explore.

As proposed by the bill referred to, the road is to be built in sections of ten miles. As each section is completed the company is authorized to present to the Secretary of the Treasury of the United States its bonds at the rate of $35,000 per mile. The Secretary of the Treasury is required to place upon each of the bonds a guarantee obligating the Government of the United States to pay the interest thereon at the rate of 5 per cent. per annum in case the company should fail to pay it in accordance with the terms of the bonds. These bonds of the company, with the interest thus guaranteed by the Government, are to be redelivered to the company for negotiation and sale upon the certificate of an officer of the Government that the section of ten miles is completed in accordance with the provisions of the law. The amount of interest per mile is not to exceed $1,750, and for each section of ten miles finished road the whole amount of interest liability thus incurred by the Government would amount to $17,500. If the entire road should be completed by sections, and the company should elect to present a bond for each mile, the whole amount of bonds authorized to be issued would not exceed $90,000,000, and consequently the whole amount of interest upon the entire issue for which the Government would be bound as a guarantor would be $4,500,000.

The security provided against loss.

First. The Government takes a mortgage on the road, its equipments, net earnings, and proceeds of the sale of the lands of the company.

Second. The sums which may become due to the company for transporting military supplies and service generally for the Military, Postal, and Indian Departments are to be retained by the Government and appropriated, if necessary, to the payment of the interest on the bonds.

Third. Five thousand dollars per mile or more, if the road costs less than the average specified, of the guaranteed bonds are to remain in the Treasury.

In addition to this apparently ample security to save the Government from possible loss, it is re-invested with the title to thirty millions of acres of land, which heretofore were granted by the Government to the Atlantic and Pacific Company, and which that company by the acceptance of the proposed legislation reconveys to the Government in consideration of the advantages which are to inure to that company from the junction of that road with the Texas and Pacific road, as before stated.

Sir, the value of these securities and their entire sufficiency, when contemplated along with the safeguards provided to insure the Government against all loss, cannot be questioned or doubted. It should be borne in mind that no bonds are to be delivered in advance of the completion of each section or installment of work. Thus it will be

seen that no liability is assumed by the Government until the basis of a valid and undoubted security is presented in the shape of a finished section of ten miles of road. When the Government shall deliver to the company their bonds with the interest guaranteed for each mile of such completed section, it takes a mortgage upon the road, equipments, and net earnings, the proceeds of the sale of donated lands, sums due the company from the Government for service, and $5,000 of each bond in a certain contingency to indemnify it against loss. These securities are continuing, migratory, following along the work as it progresses, and continuing to increase in value as the road is extended.

What value, sir, ought to be attached to the securities which are thus tendered the Government to induce it to grant this aid? The land donation of Texas to this company or to those whose rights it possesses is estimated at nine millions of acres upon the uncompleted part of said road within the State. Patents are issued to the company by the State upon the completion of every section of ten miles—twenty-four sections per mile. The value of the Texas lands may be estimated with absolute safety at $2 per acre. The proceeds of the sale of these lands are required by the bill under consideration to be paid into the Treasury of the United States, and as the road progresses into the Territories beyond Texas a like disposition is to be made of the sale of the lands granted to the company heretofore by the Government, or so much thereof in either case as may be necessary to protect the Government from any loss by reason of its guarantee of interest.

I have said, sir, that the present value of the Texas lands may be placed at $2 per acre; but when the road shall have penetrated the country beyond the rising city of Fort Worth and the gaps between Paris and Texarkana, and Sherman and Fort Worth shall have been completed, the enhanced value of these lands will augment this security more than double. No fears, sir, should be entertained of the inability of the company to dispose of its lands at fair prices. Texas is to-day the most desirable State in the Union for investment in lands. Its area in square miles is 274,365, or 175,594,560 acres.

It is not an extravagant estimate to say that Texas has a larger body of virgin soil, never touched by the implements of husbandry, than all of the other Southern States combined, and beyond all question no State in the Union can boast of soil and climate better suited to the production of the chief agricultural products. Almost in any county in Texas wheat, corn, cotton, sugar-cane, rye, oats, and barley may be raised side by side in the same field, and this cannot be said of any other country. Population is pouring into the State over all the roads which enter it. Lands are increasing in value and will continue to do so. There will be no lack of demand for Texas lands.

Mr. Chairman, I come now to speak of the value of that part of the security which relates to the net earnings of the road. This is a subject of estimation and calculation purely. The road as now operated pays a fine profit, and this will increase as the road is extended. No one who has a knowledge of the country through which the road will pass can for a moment doubt that when completed it will be the best-paying road in the United States and that the net proceeds of its business will furnish a fund sufficient to pay not only the interest but provide an ample sinking-fund to pay the principal of the bonds. The line of the road spans an immense section of country now almost without railroad connections or facilities, and the dividend of its business cannot fail to be great. The genial and temperate climate of that section of the country in which the projected road is located, the freedom of the entire line from snow blockades and the perils of mountain ranges, the fertility of the soil and the variety of the productions along the whole extent of country traversed by this road, the immense demand of the Government for transportation, the vast interoceanic and way trade which must and will find their way over this route, all will unite to render the road when completed a paying investment. The Union Pacific and Central Pacific Railroad Companies operate together twenty-two hundred and fifty miles of railway, and for the year 1875 report $6,500,000 clear net profit, after deducting interest on their bonds as well.

If such results follow the completion of the northern roads which pass through, for the greater way, a poor and sterile country, covered with snow and ice during whole seasons of the year, who can estimate the grand results which must await the completion of this grand enterprise along the thirty-second parallel?

Sir, the provision in this bill which authorizes the Government to retain and hold all sums due from it to the company for transportation of troops, military supplies, postal and other service, cannot fail to attract attention. It is a certain, direct, and most valuable indemnity against loss on the part of the Government by reason of the failure of the company to meet the interest on their bonds. The amount cannot be accurately stated, but may be approximated. From the best estimates at hand and in view of the amounts now paid by the Government for these objects, it will be safe to assume that the annual earnings of the company from this source will not fall short of two millions, a sum nearly sufficient to pay one-half the interest on the whole amount of bonds authorized to be issued by the company, in the event the entire road is completed. I do not deem it necessary to speak further of the value of the securities proposed. No one can, it seems to me, have any doubt upon this branch of the subject.

Mr. Chairman, the experience of government, national, State, and municipal, in extending aid to railroad companies has not been of that character which commends such legislation to the favor of the people. Various causes combined have set in motion throughout the country a strong current of popular disapprobation of such legislation. It is now only sufficient to kill or damn a measure, however meritorious, to ingraft upon it, by fair or foul means, the character of a subsidy.

Perhaps the chief reason which can be assigned for this settled and unreasoning opposition to aid to works of internal improvement which fall within that class permitted by the Constitution arises from the application and appropriation of large sums of public money or property to works of doubtful utility and partaking more of a private than public character. The means usually employed to convert the money or property of the people to private uses under the pretense of public uses have, in the main, been such as honest men denounce. Since the war the Southern States have had the saddest experience on this subject, and the people of that section have been called upon so often to witness the conversion of public property to private uses by corrupt legislation and infamous misappropriation that nothing which partakes of a subsidy can find favor with them. This feeling is not confined alone to the South. The whole country reels and staggers under the burden of debt largely created by gross injustice and infamous legislation, under the cloak of aiding works of internal improvement, without regard to results.

Much of the opposition to this bill has been created by assigning to it the character of a subsidy and instilling that belief into the minds of the people. The real objects of the measure have been studiously misrepresented, and its terms and provisions perverted and distorted until the public mind is about ready to conclude that it is an immense "legislative job" to convert the money of the people to the uses of a private corporation.

Corporations, which have grown rich and powerful upon unmixed Government subsidies, are arrayed in bitter and relentless antagonism to this enterprise. They have full knowledge of the deep and settled hatred of a large number of the people of this country to subsidies, for they have been carrying for years the curses of the people upon their rapacity and ill-gotten wealth from the public Treasury.

All the avenues which lead to correct understanding on the part of the people have been obstructed by the agents, officers, and attorneys of these opposing corporations, until perhaps not within the memory of the oldest member on this floor has there ever been a great public measure so misunderstood and perverted.

Mr. Chairman, in no just or true sense can it be said that the aid sought by this bill is a subsidy, or that it partakes of the nature thereof. How stand the facts? A railroad company, chartered by Congress in 1871, declared to be a public highway, a military and post-road, with a reservation of the right to Congress to control the charges thereof, authorized to own and operate a line of railway across the continent, constituting when completed a competing railway to the Pacific Ocean, a grand southern transcontinental road, has expended fourteen millions of money upon the work.

Private capital and credit have been exhausted in the vain effort to bring together the means necessary to complete the work within the time demanded by the exigencies of the Government and the wants of the people. The Government needs the road. The people require it. It is a national work; a grand national economy. The company simply proposes to the Government that if it will guarantee the interest upon their bonds in the manner stated, so as to enable the company to raise part of the money necessary to build the road, ample securities and collaterals against all loss will be placed by the company in the Treasury. There are no defects in the securities and no lack of safeguards. This is the proposition; nothing more, nothing less. If the security is defective or insufficient, and the Government should be required to pay the interest on the bonds, or any part thereof, without redress, then to that extent it might be said that the aid granted was a subsidy or a gratuity; but it would still fall outside of that character of subsidies and gratuities which have gone so far to shock the sense of justice of the people. Because if there were no security at all for the undertaking of the Government, or if the securities should prove inadequate or valueless and the Government should have to pay the whole amount of interest to accrue on the bonds, it could still be said that the enterprise was national and necessary, and within that class of cases permitted by the Constitution. But, on the other hand, if the security is ample and ultimate loss cannot occur, the transaction is simply an extension of credit upon full indemnity for a great national, constitutional object demanded by the highest interest of the Government and people.

Mr. Chairman, it is said by some that Congress has no power to grant aid to the construction of railways in any manner, shape, or form. If this be true, the measure under consideration ought to fail, as the evil which would flow from a violation of the Constitution could in no wise be justified by any real or supposed benefits which might inure to the people. If the Government of the United States has the right to build a road or canal in any case, it will hardly be disputed that it might constitutionally aid in the construction of such work. The greater includes the less, and a fragment of power may be rightfully exercised without a necessity to exhaust the entire grant. The proposition here is not to build the road, but to aid an association of capital to do so. If the Government is to have no interest in the road when completed, no authority or right to convert it to the uses of the public, then it might be truly said that the aid

extended was an improper conversion of public means to private uses.

What is the character of the enterprise under consideration? The charter declares that the proposed line of railway shall be a military and post road. The right to regulate the charges for transportation, not only for the Government but for the trade, commerce, and travel of the people as well, is reserved to Congress. It will be seen, therefore, that the Government, for all time, would have an interest in this road, secured by such aid as is here asked. That interest would be most valuable, necessary, and proper, and the aid extended to secure it would not be conversion of Government aid to private uses, but for a necessary public use. If the Government can construct a military and post road which is demanded by public necessity, surely it might aid in the construction of such road, reserving the right always to subject it to public uses as might be deemed necessary and just. The purpose of granting this power to Congress was to enable the Government to provide itself with those facilities and necessary faculties to carry on and administer the affairs of the nation safely and economically. If this purpose can be attained by a partial exercise of the power vested in Congress no one should insist that the act was unauthorized.

The precedents and uniform practice of the Government, the declarations and opinions of the leading participants in the formation of the Constitution, and opinions of the ablest expounders of that instrument, together with unbroken and uniform party declarations, all sustain fully the authority of Congress to build military and post roads.

I feel that I will be justified in taxing the House with a reference to the opinions of a few only of those whom the country delighted to honor while living and whose memories a greatful people have embalmed. Mr. Monroe, in a special message to Congress on internal improvements, says:

> My idea is that Congress has an unlimited power to raise money, and that in its application they have the discretionary power, restricted only by the duty to appropriate it to purposes of common defense and of *general*, not *local*, *national*, not State, benefit.

In his message to Congress in 1824 he fully indorsed the legislation of Congress which required the President to cause to be surveyed such roads and canals as "he might deem of national importance in a commercial or military point of view or for the transportation of the mails." In the same message he advocated the construction of a route from Washington City to New Orleans.

Mr. Calhoun, who is regarded throughout the Southern States at least as good authority on the proper construction of limitations on the power of Congress, was Secretary of War under President Monroe, and in his report in 1824 in regard to the surveys referred to held this language:

> In projecting the surveys the whole Union must be considered as one, and the attention, not to these roads and canals, which may facilitate intercourse between parts of the same State, but to those which may bind all the parts together and the whole with the center, thereby facilitating commerce and intercourse among the States and enabling the Government to disseminate promptly through the mails information to every part and to extend protection to the whole. By doing this the General Government will afford (practically to those States situated in the interior) the only means of perfecting improvements of a similar description which properly belongs to them.

In 1817 a special committee of the House of Representatives was appointed to take into consideration the question of the power of Congress over this subject. I quote from a report made by that committee the following:

> Congress has the power—
> First. To lay out, improve, and construct post-roads through the several States, with assent of respective States.
> Second. To open, construct, and improve military roads through the several States, with the assent of the States.
> Third. To cut canals through the States, with their assent, for promoting and giving internal security to internal commerce or for the more safe and economical transportation of military stores in time of war, leaving in all cases the jurisdictional right over the soil to the respective States.

This report meets the questions involved in the measure under consideration fully. It was sustained by Mr. Tucker and Mr. Clay and adopted by Congress.

Neither Mr. Jefferson nor Mr. Madison ever entertained a doubt of the power of Congress in the premises set forth in the foregoing report, and it is well known that Benton, Webster, Cass, and Douglas sustained the doctrine announced by Mr. Calhoun in his report which I have before referred to.

In 1827 President John Quincy Adams approved the law of Congress donating to the State of Indiana 1,439,279 acres of land in aid of the Wabash and Erie Canal. President Taylor in 1850 approved a grant of 2,595,053 acres of land to the State of Illinois in aid of the Illinois Central Railroad.

The law of Congress passed in 1862 granted the Union and Central Pacific Railroad $65,000,000 in bonds and 35,000,000 acres of land.

The Supreme Court of the United States has expressly affirmed the power of Congress to pass that act in a recent decision.

Mr. Chairman, the official records show that under this power Congress has appropriated and expended in money, without reference to lands, between 1788 and 1873, $104,705,163.43 for railroads, wagon-roads, and canals, all of which mainly have been expended outside the Southern States. It would seem, therefore, that it is too well settled now that Congress has the power claimed to question it. This power was granted for great and national purposes, and ought not to be prejudiced or confounded with assumed powers by State Legislatures in many instances and municipal government in others. The decisions of the courts in such cases, usually, strongly denounce the exercise of such power and have justified the people in their indignant denunciation of the attempted exercise of such power.

There can be no doubt but that the "national power" has been unpopularized by unwise exercise of it and by the assumption of powers by State Legislatures. I am free to confess that this power was never intended to check the country with railroads and canals for the benefit of individuals, corporations, or States, and the exercise of it without regard always to the national, general purpose to be attained would be a perversion and abuse of authority.

On the other hand, when the necessities of the Government and the promotion of its welfare unite with the highest interests of the whole country in demanding the exercise of this power, it is the plain duty of Congress to go forward and exercise it, always with proper economy and safeguards to protect the Government from improper advantages, which associations and individuals too often seek and sometimes secure.

Mr. Chairman, I do not understand that this power should be exercised only in hard times, seasons of stringency, when domestic distress covers the land, and thousands are without employment and the means to procure their daily bread; but, sir, it is true that when floods sweep fields, farms, and homes away, leaving whole sections of country destitute of the means of living; when the ravages of war have destroyed the substance of neighborhoods and even States; when famine or pestilence, either at home or abroad, strikes down the strong arms of those who toil for dependent families, Government has not been appealed to in vain to open the garners of its wealth in order to alleviate the sufferings and misfortunes of those whom private charity could not assist.

It might well be asked if there be any difference on principle between such cases and that which now unhappily presents itself to the view of the American people. Throughout large sections of the country want, suffering, and destitution exist. The cry is for work; the demand for labor is too small. The great industries of the country are paralyzed. The fires have burned to ashes in the furnaces of factories, founderies, and mills. The spade and shovel are silent along great lines of work which gave labor to thousands and bread to many more. The bone and sinew of the country, outside of agricultural districts, are without employment, and States, cities, and towns are appealed to for work for the unemployed that starvation may be averted. It may be said that the Government cannot afford to furnish shelter and work for those who may be homeless, and who may be willing to work rather than steal or starve; but it is submitted that the occasion for the commencement of this work under the auspices of the Government is most opportune and fortunate. And if the reasons which present themselves to the Government are sufficient to induce the extension of the aid desired, it would seem that a more auspicious time could not have fallen upon us to secure the completion of this great enterprise.

Sir, the continuance of this great enterprise under the plan proposed by this bill will give life and activity to all of our great industries from the furnace to the plow. Indeed, when we contemplate the results which must flow to the Government and the people from the prosecution and completion of this work, we can but stand amazed and overcome at the prospect of the blessings they will bestow. Why either of the great political parties should pause at the threshold of this legislation until the election is over, finds no answer, except it be in the fact that time is needed to uncover the great measure from the misrepresentations and perversions with which interested monopolies have environed it.

Are the reasons for undertaking it sufficient? The immense cost of the transportation of troops, military supplies, and telegraphic communication, now incurred annually by the Government, will be largely reduced by the completion of this road. The Indian and Mexican troubles are both to the General Government and Texas a serious problem. Texas has been compelled to pay from her treasury nearly two millions of money to provide that defense to her border which the Government was bound by the terms of annexation, by the law of the land, and by every national obligation to furnish, yet failed to do. At an annual expense of a half million of money she is compelled to keep soldiers in the field to repel the inroads of Mexicans and Indians.

It will not be said that the expenditure of this money is unnecessary when the facts are known and properly appreciated. Raids projected from Mexico, not irregular in character and of occasional occurrence, but partaking of the nature of regular organizations, set on foot for the deliberate purpose of plunder and murder, have well-nigh destroyed the property of a large section of the country, and unless they are repressed the most serious results must follow. Speaking for Texas, I declare that she desires no war with Mexicans or Indians, but she does desire repose, tranquillity, and freedom from invasion. The bold and manly conduct of her State authorities and the moderation and respect for national relations which have characterized the administration of her State government in this behalf for the last two years challenge the admiration of the whole country; and to-day, while the murderous Indians, fed and clothed by the Government, build their camp-fires in her settlements, as they have done for years, and organized bands of Mexicans lay waste and plunder her

border, no violation of international law, nor insubordination to the regulations and commands of national authority, can be imputed to her. She has borne this deep and terrible wrong not without murmuring at the injustice of the Government, but with that firmness and endurance which have ever characterized her people. Instead of rising in her strength, as she might have done, and sweeping from the face of the earth that "robber population" which shelters itself under the flag of another nation, instead of passing within the lines of Indian reservations to punish the murderers of her citizens and recapture property stolen from her people, she has respected the orders of national authority, and maintained a defensive position; and she is here to-day demanding protection at once and offering counsel, advice, and influence in aid of the completion of that great work upon which she has lavished millions of dollars, and which, when completed, will render the state of affairs which now exists upon her border forever afterward impossible.

Mr. Chairman, although the military force disposable for service on the Rio Grande is insufficient to render adequate protection, as stated by the President in his message, still in Texas, New Mexico, and California the military branch of the Government costs annually fifteen millions of money. The completion of this work will furnish a solution to the serious problem which confronts us in the West, and save the Government annually in the cost of the military and postal service more than the interest on the entire amount of bonds which this company is authorized to issue. The completion of this road will develop in the far West immense mineral wealth, and will hasten the day and time so devoutly wished for when specie may be substituted for paper money without producing convulsions in business or the destruction of private fortunes. The spirit of trade and commerce, so long repressed in Mexico, will be aroused and vitalized. Her mountains and cañons, rich in ores, will be made to surrender up their wealth to the wants of mankind. Vast sections of country, rich in valleys, mountains, and streams, which now rest in unbroken solitude, unprofitable to the owner and to the Government, will become the happy home of industrious millions, and render a large revenue to the Government. The wants and necessities of the Government, without reference to those of the people, cannot be supplied by the facilities which are now furnished by the completed road to the Pacific, and the existence of that road is no argument against the necessity of another road to the ocean. The country where mostly the operations of the Government demand facilities of transportation of troops and postal accommodations lies along the thirty-second parallel, a region entirely beyond the reach of the present completed road.

Our experience clearly demonstrates that one transcontinental line is wholly insufficient to meet the wants of the Government, the trade and commerce of the country. If that line lay along a temperate latitude, and was controlled in the spirit of a generous and liberal corporation, it would still be insufficient to meet the demands for interocean traffic, commerce, and communication. How much more is a competing road demanded when the company operating the present line conduct it in the spirit of extortion and arbitrary gain? The failure of Congress to compel these companies to conform their charges to rates to be prescribed by law places it in their power to lay such tariffs upon trade and travel as cupidity may suggest and freedom from competition justify. They have not been slow or conscientious in availing themselves of this right. The savings, annually, in the cost of transportation to the Government and people which would result from a competing road would be more than sufficient to pay the interest on the entire amount of bonds to be issued under the provisions of this bill. These companies well understand this matter, and accordingly, when a proposition is presented to construct a competing road, we find them flooding Congress with arguments and protests against it, and invoking to their aid, in opposition, misrepresentation and perversion of the objects and terms of the proposition. They have no gratitude for the Government whose munificence and subsidies helped them to that power which wealth brings, and no mercy for the people who annually bear the burden of a grievous tax to pay the interest upon the bonds donated.

Mr. Chairman, it is said by some that too much consideration has been shown to Texas in the provisions of this bill in regard to branches from the main line, and this is made an objection to it. In regard to this objection I desire to say something. The branch from Marshall to New Orleans rests upon the highest grounds. It cannot be interfered with, except so far as to indicate a different company to own and operate the line if deemed necessary, without violating public faith and private contract based on a valuable consideration. A connection between New Orleans and Marshall, the eastern terminus of the road, was provided for in the charter of the Texas and Pacific Company when Texas gave her assent by a legislative enactment to the acquisition of the franchises and rights of the two companies before referred to. This provision contributed largely to the passage of the act, and may truly be said to have entered into and become a part of the consideration of the act of the Legislature. Besides this, the people of Harrison County have donated to this company $400,000 in bonds and property in part consideration of the maintenance of the proposed connections at the city of Marshall. I repeat, therefore, that to disturb this connection would be a violation of good faith and private contract. The branch from Jefferson, in Texas, to Memphis is demanded by interests which cannot be overlooked. They are not confined to Texas, but are national. It secures to New York the shortest route to the commercial emporium of the Southwest, Galveston. Texas might well demand as much, but the North itself cannot consent that this branch should be omitted. Besides, it furnishes at Memphis a connection with the railway system of the Atlantic States, and by that means presents a connected railway system from Norfolk to the Pacific Ocean.

Time will not allow me to enter upon a review of the benefits which are to flow from these connections. Only one branch purely Texan is provided for by this bill and proposed amendments. I allude to that one which proposes to connect the main line with the Texas Gulf by forming a connection with the Texas Central Railroad at Waco, so earnestly and justly urged before the committee by my colleagues, [Mr. MILLS and Mr. THROCKMORTON.] This is due to Texas, and a just appreciation of her efforts and donations to secure the completion of this great highway will remove all objection to this branch. The completion of this road on a basis such as proposed by the bill introduced by the honorable gentleman from Tennessee, [Mr. ATKINS,] the provisions of which have been so ably and elaborately set forth by him in his speech before the House, would tend to equalize the advantages and benefits which flow from the aid of the Government to works of internal improvement. Under the laws of 1862 and 1864 the Government has issued in aid of the construction of railroads $64,000,000 in bonds drawing 6 per cent. interest and payable in thirty years. Those bonds were donated as follows:

To Union Pacific	$27,236,512
Central Pacific	25,885,120
Kansas Pacific	6,303,000
Central Branch Union Pacific	1,500,000
Western Pacific	1,970,500
Sioux City and Pacific	1,628,000

I omit all reference to land donations.

I do not claim, Mr. Chairman, that because the Government made an absolute donation of this large amount of money to aid in the construction of the roads named that therefore similar aid, or even such aid as is asked for this enterprise, should be granted in order simply to equalize the bounty of the Government. But the point presented is, that if the necessities of the Government and the people demand another highway to the Pacific Ocean, then the aid of the Government should be placed with due regard to donations heretofore made, and should be applied to that section of the country which has escaped the benefits which spring from the application of Government aid. It is fortunate that the necessities of the Government service indicate the proper line of this highway to be along the thirty-second parallel. If the aid of the Government is extended, the benefits of its application, directly, will reach that section of the country extending from Virginia to the Pacific Ocean, which heretofore has been practically excluded from participation in the benefits of Government aid to railroads, while indirectly and to a large extent all sections of the Union, by favorable connection with the main line, will be benefited. The Government, therefore, in extending the aid sought, will meet the requirements of the national service, and will be enabled at the same time to equalize its blessings, to some extent, to the whole country.

In order to show the relative appropriations of the Government heretofore, I call attention to the following table:

Statement showing the amounts expended by the United States for the various public works of the Government in each State and Territory of the Union, from June 30, 1865, to June 30, 1873, together with the expenditures of the United States in aid of construction of canals, railroads, and wagon-roads from 1789 to 1873.

States and Territories.	Public works, 1865 to 1873.	Railroads, canals, and wagon-roads, 1789 to 1873.	Total.
Maine	$3,030,500 71	$137,008 92	$3,167,509 63
New Hampshire	1,285,212 34	.....	1,285,212 34
Vermont	209,256 35	.....	209,256 35
Massachusetts	6,071,197 65	.....	6,071,197 65
Rhode Island	880,211 29	.....	880,211 29
Connecticut	676,724 19	.....	676,724 19
New York	15,688,222 32	3,500 00	15,691,722 32
New Jersey	674,595 82	.....	674,595 82
Pennsylvania	3,574,564 23	.....	3,574,564 23
Delaware	794,731 85	450,000 00	1,244,731 85
Maryland	757,204 02	1,051,990 00	1,809,194 02
District of Columbia	14,823,805 27	697,418 83	15,520,224 10
Virginia	1,898,039 23	57,538 27	1,955,577 50
West Virginia	5,094 25	.....	5,094 25
North Carolina	693,413 52	205,000 00	898,413 52
South Carolina	782,054 06	9,961 92	792,015 98
Georgia	264,178 08	.....	264,178 08
Florida	1,977,442 98	230,013 43	2,207,456 51
Alabama	304,874 32	873,872 88	1,178,747 20
Mississippi	136,505 81	994,936 14	1,131,441 95
Louisiana	466,976 00	296,968 04	2,763,944 04
Texas	240,209 09	.....	240,209 09
Arkansas	49,103 25	573,390 84	622,494 09
Missouri	495,370 73	1,049,800 38	1,545,171 11
Kentucky	24,417 90	1,183,511 00	1,207,928 90
Tennessee	446,826 29	5,000 00	451,826 29
Ohio	1,080,975 12	2,102,888 38	3,183,863 50
Indiana	647,354 98	1,751,271 52	2,398,626 50
Illinois	8,638,177 24	747,979 99	9,386,057 23
Michigan	3,681,997 60	1,330,024 26	5,012,021 86
Wisconsin	1,781,165 22	422,508 36	2,203,673 58

Statement showing the amounts expended by the United States for the various public works of the Government, &c.—Continued.

States and Territories.	Public works, 1865 to 1873.	Railroads, canals, and wagon-roads, 1789 to 1873.	Total.
Iowa	$2,544,560 53	$84,226 66	$2,628,787 19
Minnesota	810,481 49	562,775 51	1,373,257 00
Kansas	60,497 40	2,422,564 52	2,483,161 92
Nebraska	245,000 00	174,826 15	419,826 15
Nevada	419,281 36	3,399 87	422,681 23
California	5,873,461 38	2,506,533 96	8,379,995 34
Oregon	868,879 23	191,292 91	1,060,169 14
Territory of Arizona	.....	246,415 20	246,415 20
Territory of Colorado	39,400 09	13,826 76	53,226 85
Territory of Idaho	49,733 15	36,500 00	86,233 15
Indian Territory	.....	7,920 00	7,920 00
Territory of Montana	41,575 00	.....	41,575 00
Territory of New Mexico	17,996 52	217,072 42	235,068 94
Territory of Utah	.....	7,943 70	7,943 70
Territory of Washington	65,112 45	148,989 68	214,102 13
Territory of Wyoming	37,454 92	40,000 00	77,454 92
Maine and Massachusetts	10,090 00	.....	10,000 00
Connecticut and New Jersey	23,499 79	.....	23,499 79
Maryland and Virginia	180,645 18	.....	180,645 18
Louisiana and Arkansas	95,000 00	.....	95,000 00
Wisconsin and Michigan	50,000 00	.....	50,000 00
Utah, Nevada, and California, (C. P. R. R.)	.....	34,267,704 49	34,267,704 49
Utah, Nebraska, and Wyoming, (U. P. R. R.)	.....	34,350,703 70	34,350,703 70
Kansas and Colorado, (K. P. R. R.)	.....	7,766,212 21	7,766,212 21
Iowa and Nebraska, (S. C. & P. R. R.)	.....	2,182,703 38	2,182,703 38
Miscellaneous repairs of fortifications, &c	18,082,524 14	5,499,069 25	23,381,593 39
Total	103,294,501 34	104,705,163 43	207,999,664 77
RECAPITULATION.			
Sixteen southern and border States	11,612,086 56	6,981,982 90	18,594,069 46
Northern and western States and Territories	76,859,609 51	97,025,761 70	174,885 371 21
District of Columbia	14,822,805 27	697,418 83	15,520,224 10
Grand total	103,294,501 34	104,705,163 43	207,999,664 77

This table tells in unmistakable language where, heretofore, the bounty and patronage of the Government have fallen. An inquiry into the cause of the discrimination in favor of sections would be unprofitable, but may we not trust, Mr. Chairman, that the cause has been removed and that in the future there may be no reason to urge against a fair and equal distribution of such benefits as the Government may dispense in the exercise of its proper powers? Mr. Chairman, it should be remembered that a wide difference exists between the aid proposed by this bill and that which was extended to the railroads before mentioned. This proposition does not involve a bounty, subsidy, gift, or gratuity, nor even a voluntary indorsement from the Government. The proposition here is simply a guarantee of interest upon unquestioned security and to be extended only under such safeguards as will secure the Government against loss. It is a business transaction. The Government needs the road, the people need it, and this company, owning a charter over the route desired, proposes to build it on the conditions named.

A glance over the map will show, sir, that the construction of the roads to which the Government has donated sixty-four millions of money cannot advance the interest of the Gulf and Atlantic States beyond a common interest of all the States in the national objects attained. The great Northwest and East have been the recipients of the vast benefits which have followed the investment of this money in railways. New York, Chicago, and Boston are the great commercial centers to which the trade over these roads is directed, while the Northwest, in the rapid development of those resources which tend to increase the wealth and power of States and Territories, in the enjoyment of the facilities of transportation and communication, in the realization of advantages beyond the reach of private capital and credit, shows the influence, power, and advantage derived from the aid of the Government.

Finally, Mr. Chairman, the completion of this road will redeem the South from the thralldom of poverty. I enter no plea in behalf of her blighted fields, her destroyed industries, desolated homes, and broken fortunes. There they are; behold them for yourselves. She is not what she once was. True, we have the same genial sun, the same fertile fields and lovely valleys, the same lovely women, and some of the same true, generous men; the balance, with your gallant dead, have spread their tents "on fame's eternal camping-ground," and there may they rest in peace. But all else is changed. Our resources are unexhausted and inexhaustible, but they lie dormant and inactive, while her industries languish for the want of means to arouse and vitalize them. The war closed, and peace found us broken in fortune and without much hope for the future. The energy of her people has been severely taxed, but the waste places are being built up and the bruises on her limbs are healing. Her people are striving together to restore it to its former agricultural beauty and power. Politics and partisan spirit have delayed the work of restoration, but feuds and schisms of race, unhappily thrown among us, have passed away. From one end of that section to the other there are no bread riots, and, while all as a general rule are poor, starvation is unknown. Over all these hangs the blight of offended power and a feeling of constraint broods over the land.

No enterprise, no token of national kindness, no emblem of sectional reconciliation, could do more to rehabilitate the South and arouse her paralyzed industries than the adoption of this measure and the completion of this grand work. It would be an earnest from the heart and power of the nation that whatever of the past should be is forgotten, and that in fact, as in theory, we are a brotherhood of States, and that whatever of prosperity, glory, and renown may come to us in the future, the same shall be the common property of all.

GENEVA AWARD.

Mr. LAWRENCE. I desire to address the House briefly upon the subject of the Geneva award. I ask first for the reading of the bill.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That it shall be the duty of the court of commissioners of Alabama claims in the mode and subject to all the conditions, limitations, and provisions of chapter 459 of the laws of the Forty-third Congress, except as changed or modified by this act, to receive and examine the claims mentioned in section 2 of this act, and to enter judgments for the amounts allowed therefor in three classes.

SEC. 2. That the first class shall be for claims directly resulting from damage done on the high seas by confederate cruisers during the late rebellion, including vessels and cargoes attacked on the high seas or pursued therefrom, although destroyed within four miles of the shore, except as provided for in section 11 of said chapter 459. The second class shall be claims for the payment of premiums for war risks, whether paid to corporations, agents, or individuals, after the sailing of any confederate cruiser. The third class shall be for claims for sums actually paid for insured property destroyed on the high seas by such confederate cruisers, except claims for which judgments have been entered under section 12 of said chapter.

SEC. 3. That in examining claims in the second class it shall be the duty of the court to deduct any sum in any way received by or repaid to the claimant, diminishing the amount paid for any such premium, so that the actual loss of the claimant only shall be allowed; and no claimant in the second class who has been paid such loss shall be entitled to receive from any insurance company recovering in the third class any further sum on account of such loss.

SEC. 4. That the judgments rendered by said court under this act shall be paid by the Secretary of the Treasury out of the sum of money paid to the United States pursuant to article 7 of the treaty of Washington, and accruing therefrom, not appropriated to claims provable under the provisions of said chapter 459 and the act extending the time for the filing of claims thereunder.

SEC. 5. That judgments entered in the first class shall be paid before judgments of the second class are paid and judgments of the second class shall be paid before judgments of the third class are paid. If the sum of money so unappropriated shall be insufficient to pay the judgments of the first class, they shall be paid according to the proportions which they severally bear to the whole amount of such unappropriated sum. If such sum shall be sufficient to pay the judgments of the first class and not sufficient to pay the judgments of the second class, the latter judgments shall be paid according to the proportions which they severally bear to the residue of such unappropriated sum. If such sum shall be sufficient to pay the judgments of the first and second classes and not sufficient to pay the judgments of the third class, they shall be paid according to the proportions which they severally bear to the residue of such unappropriated sum after the payment of the judgments of the first and second classes.

SEC. 6. That in other respects the said judgments shall be reported and paid in the mode provided for the payment of judgments by said chapter 459 and the act providing for the payment of judgments rendered and to be rendered thereunder.

SEC. 7. That all claims filed or that may hereafter be filed in said court in the name of one or more claimants, relating to a vessel in which other claimants are interested, shall be deemed and held to be legally filed the same as if all the parties in interest had joined in the filing of the petition.

Mr. LAWRENCE. When the bill comes before the House, I shall offer amendments, which I send to the Clerk's desk and ask to have read.

The Clerk read as follows:

Strike out the provisions relating to insurance companies, as follows:

1. Strike out all of section 1 after the word "cruiser" in line 9.

2. Strike out of section 5, lines 2 to 4, the words "and judgments of the second class shall be paid before judgments of the third class are paid."

3. Strike out all of section 5 after the word "sum" in line 12.

Mr. LAWRENCE. Then I shall offer as additional sections to the bill what I send to the Clerk's desk.

The Clerk read as follows:

That it shall be the duty of the court of commissioners of Alabama claims to ascertain what vessels owned or chartered and paid for by the United States and what cargoes or other property owned by the United States were destroyed by the confederate cruisers inculpated by the tribunal of arbitration at Geneva, and the value of all such vessels and cargoes.

And the amount so ascertained, with interest, as in cases of judgments rendered by said court, shall by said court be certified to the Secretary of the Treasury, and there shall be covered into the Treasury from the money awarded to the United States by said tribunal of arbitration at Geneva a sum equal to the amount so certified.

It shall be the duty of said court to ascertain—

1. The value of vessels and cargoes of citizens of the United States destroyed by said inculpated cruisers which were insured in and losses for the same paid by foreign underwriters.

2. The difference between the interest covered by said award and that paid by the United States to claimants in whose favor judgments have been rendered, being 2 per cent. on the value from the time of the damage done by said cruisers until payment.

3. The difference between the interest arising from the investment of said award in bonds of the United States and that paid to claimants under findings and judgments of said court, to the extent of the payments.

4. The difference in value between the money received under said award and of that with which judgments of said court were paid, being the difference between gold coin and United States notes.

And said court shall certify said several amounts to the Secretary of the Treasury, and there shall be covered into the Treasury, from proceeds of said award, a sum equal to said gross amount.

And all sums so certified shall be covered into the Treasury before any other claims or judgments shall be paid under this act, together with all costs and expenses arising under this act, to be ascertained and certified by said court as aforesaid.

That said court in examining claims of the first class mentioned in this act shall include all vessels, cargoes, and property owned or chartered and paid for by the United States.

And it shall be the duty of counsel on behalf of the United States to present and make proof in such cases to said court.

Mr. LAWRENCE. I shall then offer what I send to the Clerk's desk, as a substitute for the entire bill.

The Clerk read as follows:

That all bonds of the United States in which the money awarded to the United States by the tribunal of arbitration at Geneva has been invested, after paying all charges thereon and judgments as determined by the court of commissioners of Alabama claims, under existing law, shall be canceled by the Secretary of State and the Secretary of the Treasury, and all money, if any, arising from said award or from bonds in which it has been invested shall be covered into the Treasury.

Mr. LAWRENCE. Mr. Chairman, during the recent rebellion in the United States three ships of war known as the Alabama, the Florida, and the Shenandoah were built in Great Britain, and permitted to go to sea, when they became confederate cruisers, destroying ships and commerce of the Government and citizens of the United States to the value probably of $15,500,000 in gold coin. During the progress of the construction of the Alabama and the Florida in England the proper authorities of Great Britain were notified by the minister of the United States, and well knew that these ships were being constructed as confederate cruisers to prey upon American commerce; but the British government, in violation of neutral duties, omitted to take any effective measures to prevent them from going to sea, and subsequently, in violation of international law, freely admitted them into the ports of colonies of Great Britain, instead of proceeding against them as duty required. The Alabama had a tender, the Tuscaloosa; and the Florida had tenders, the Clarence, the Tacony, and the Archer, to aid in the work of destruction.

The Shenandoah departed from London as a merchant-vessel prior to December, 1864, but was transformed soon after into a confederate cruiser near the island of Madeira, when she passed into Hobson's Bay; and British officials, with a knowledge of her purpose, permitted her, in violation of neutral duties, to depart from Melbourne on her hostile mission on the 18th of February, 1865.

On the 29th of December, 1864, the Shenandoah, before she had passed into Hobson's Bay, destroyed the ship Delphine, owned by citizens of the United States and sailing under our flag. It may be conceded, as it has been decided by the tribunal of arbitration at Geneva, that the British government was not responsible for the outrages of the Shenandoah prior to her departure from Melbourne. There were other confederate cruisers—the Georgia, the Tallahassee, the Chickamauga—fitted out within British jurisdiction, and some others elsewhere built, like the Sumter and Nashville, which used British waters as a base of hostile operations, all of which destroyed ships and cargoes of citizens of the United States. But as to these it may be conceded, as it has been decided, that the British government is *exculpated* from all responsibility, not having failed by any act or omission to fulfill any neutral duty.

The Florida and Alabama, and the Shenandoah after her departure from Melbourne, are commonly called "*inculpated* cruisers," because as to them the tribunal of arbitration at Geneva, in their award of September 14, 1872, decided that the British government was *in fault* in permitting them to sail from her ports on a hostile mission.

The other confederate cruisers to which I have referred are commonly called "*exculpated*," because as to them the Geneva tribunal decided that the British government was not in fault. As a mere question of criticism, it might be more proper to say that the British government itself was *inculpated* as to the so-called inculpated cruisers and exculpated as to the so-called exculpated cruisers.

During the war, citizens of the United States owning ships and cargoes on the ocean took out policies of insurance in insurance companies incorporated in the United States not only against ordinary marine risks, but also against loss from confederate cruisers, and for this insurance they paid "war premiums"—premiums increased in amount in consequence of the perils of war. Many vessels and cargoes insured were destroyed by the inculpated cruisers, while others of the insured class escaped uninjured. The result was that, although the insurance companies paid to the owners of ships and cargoes so insured and destroyed by confederate cruisers large sums of money, and in those particular cases suffered loss, yet very generally as to each company "the sum of its losses in respect to its war risks exceeded the sum of premiums or other gains upon or in respect to such war risks." Thus in fact, it may be said generally, each company on its whole war-risk insurance during the rebellion made large profits.

These insurance companies were of two classes: those known as "stock companies" and "mutual companies."

Those who were then members of the mutual companies of course are not now such, and if these companies could *now* be re-imbursed for losses during the rebellion the money paid them would go to the benefit of those who are now members and in no way connected with the original loss.

The stockholders in the cash companies have, as a general rule, doubtless changed so that if the companies are now re-imbursed for specific losses the profit will inure mainly to those who suffered nothing from the original loss.

As to them it will be a "wind-fall"—a naked gratuity.

During and immediately after the war claims against Great Britain were "filed in the Department of State by American citizens, native and naturalized, for damages sustained by them as owners, mariners, freighters, or insurers of duly-documented American ships captured and destroyed or appropriated by the officers and crew of the steamer Alabama, (and other confederate cruisers,) and, as owners, insurers, or otherwise, interested in the cargoes of such ships or in charter-parties for the service of said ships."

Many of these as they accrued during the war, and subsequently on the 27th of August, 1866, were presented by our Government to that of Great Britain for payment.

The treaty of Washington of May 8, 1871, between the United States and Great Britain resulted from these claims and other controverted questions between the two governments during and since the war. The first article provided that—

Claims growing out of acts committed by said vessels, and generically known as the "Alabama claims," should be referred to a tribunal of arbitration, to be composed of five arbitrators, to be appointed in the manner therein prescribed, who according to the terms of the next succeeding article were to meet at Geneva, Switzerland, at the earliest convenient day after their appointment, and proceed impartially and carefully to examine and decide all questions laid before them by the two governments respectively.

This article is preceded by a preamble which recites that—

Differences have arisen between the Government of the United States and the government of Her Britannic Majesty, * * * growing out of the acts committed by the several vessels which have given rise to the claims generically known as the "Alabama claims."

And it is further declared that the purpose of the treaty is—

To remove and *adjust* all *complaints* and claims on the part of the United States, and to provide for the speedy settlement of such claims.

The damages resulting from the destruction of American ships by British-built confederate cruisers were generally known as *direct* damages.

But the United States and our citizens sustained *indirect* damages resulting from the operations of the British-built confederate cruisers.

It was represented to the joint high commission which framed the treaty of Washington—

That the people and Government of the United States felt that they had sustained a great wrong * * * by the course and conduct of Great Britain.

And it was proposed that such commission—

should agree upon a sum to be paid by Great Britain to the United States in satisfaction of *all the claims*. (See papers relating to the treaty of Washington, volume 1, pages 9 and 10.)

In the treaty itself nothing was said in express and decisive terms either of—

1. Damages to be paid the United States on account of the hasty recognition by the British government of the so-called confederate government as a "belligerent" power; nor

2. Of damages resulting from the transfer of a large part of the American commercial marine to the British flag, by reason of the British-built confederate cruisers; nor

3. Of the loss by reason of enhanced rates of insurance, popularly known as "war premiums;" nor

4. Of the loss to the United States for pursuing the British-built confederate cruisers, nor of the cost arising from prolonged war.

These were all *indirect* damages except the cost of the pursuit of the confederate cruisers.

When the tribunal of arbitration met at Geneva the claims presented to it were stated in the "American case," or "Argument of the United States," to be:

Losses growing out of the acts of cruisers of the confederates designated by the typical name of the Alabama. (Volume 3 of papers, page 209.)

The *direct* claims were fully presented. The claim for precipitate recognition of confederate belligerency was not presented. The Government undoubtedly—

abandoned its claim for compensation founded upon the Queen's proclamation. (Papers, &c., volume 3, pages 106–203, 204–205; Report Judiciary Committee House of Representatives, Forty-third Congress, page 7.)

The other claims for *indirect* damages were presented to the tribunal. Our Government among other things said to the tribunal:

Should the tribunal find Great Britain responsible for the injuries caused by the acts of the cruisers, it cannot be denied that the war risk was the result of their dispatch from British ports. (Papers, volume 1, page 188.)

This "war-premium" damage was thus one of the five classes of claims presented by our Government.

The result is well known. The demand for indirect damages covering three of the five classes of claims presented threatened to defeat the whole arbitration. An attempt was made to negotiate an additional article to the treaty to determine the question of indirect damages, but this failed.

Finally the tribunal cut the controversy short by announcing:

That after the most careful perusal of all that has been urged on the part of the Government of the United States in respect of these claims, they have arrived, *individually* and *collectively*, at the conclusion that these claims do not constitute, upon the principles of international law applicable to such cases, good foundation for an award of compensation, or computation of damages between nations, and should upon such principles be wholly excluded from the consideration of the tribunal in making its award, *even if there was no disagreement between the two governments as to the competency of the tribunal to decide thereon.*

The agent of the United States, after receiving the instructions of our Government, thereupon made to the tribunal the following statement:

The declaration made by the tribunal, individually and collectively, respecting the claims presented by the United States for the award of the tribunal, for, *first*, the losses in the transfer of the American commercial marine to the British flag; *second, the enhanced payments of insurance;* and, *third*, the prolongation of the war, and the addition of a large sum to the cost of the war, and the suppression of the rebellion, is accepted by the President of the United States as determinative of their judgment upon the important question of public law involved. The agent of the United States is authorized to say that, consequently, *the above-mentioned claims will not be further insisted upon before the tribunal by the United States, and may be excluded from all consideration in any award that may be made.*

This left for the determination of the tribunal only two questions, one relating to the cost of pursuing the British-built confederate cruisers, and the other as to direct damages for ships and cargoes destroyed by them.

The award was made September 14, 1872, at Geneva. As to the cost of pursuing the cruisers, the award was as follows:

Whereas, so far as relates to the particulars of the indemnity claimed by the United States, the costs of pursuit of the confederate cruisers are not, in the judgment of the tribunal, properly distinguishable from the general expenses of the war carried on by the United States, the tribunal is therefore of opinion, by a majority of three voices to two, that there is no ground for awarding to the United States any sum by way of indemnity under this head.

The "Alabama claims" preferred against Great Britain for ships and cargoes destroyed included those made by the owners and the underwriters, sometimes both making claim for the same loss. But the claim of the underwriters was rejected by the tribunal, and the damages to ships and cargoes taken as the basis of an award. The award of the tribunal of arbitration as to these says:

And whereas in order to arrive at an equitable compensation for the damages which have been sustained it is necessary to set aside all *double* claims for the same losses; * * * and whereas in accordance with the letter and spirit of the treaty of Washington it is preferable to adopt the form of adjudication of a sum in grossrather than to refer the subject of compensation for further deliberation to a board of assessors as provided by article 10 of said treaty:

The tribunal, making use of the authority conferred upon it by article 7 of the said treaty * * * awards to the United States a sum of $15,500,000 in gold as the indemnity to be paid by Great Britain to the United States for the satisfaction of all the claims *referred to the consideration of the tribunal* conformably to the provisions contained in article 7 of the aforesaid treaty.

This award was paid to the United States September 9, 1873. The act of Congress of June 23, 1874, created the "court of commissioners of Alabama claims," and made it the duty of the court—

To receive and examine all claims directly resulting from damage caused by the so-called insurgent cruisers Alabama, Florida, and their tenders * * * and the Shenandoah after her departure from Melbourne on the 18th of February, 1865.

Then section 12 prescribes and limits the character of claimants, as follows:

That no claim shall be admissible or allowed by said court for any loss or damage for or in respect to which the party injured, his assignees or legal representatives, shall have received compensation or indemnity from any insurance company, insurer, or otherwise; but, if such compensation or indemnity so received shall not have been equal to the loss or damage so actually suffered, allowance may be made for the difference. And in no case shall any claim be admitted or allowed for or in respect to unearned freights, gross freights, prospective profits, freights, gains, or advantages, or for wages of officers or seamen for a longer time than one year next after the breaking up of a voyage by the acts aforesaid. And no claim shall be admissible or allowed by said court by or in behalf of any insurance company or insurer, either in its or his own right, or as assignee, or otherwise, in the right of a person or party insured as aforesaid, unless such claimant shall show, to the satisfaction of said court, that during the late rebellion the sum of its or his losses, in respect to its or his war risks, exceeded the sum of its or his premiums or other gains upon or in respect to such war risks; and in case of any such allowance, the same shall not be greater than such excess of loss. And no claim shall be admissible or allowed by said court arising in favor of any insurance company not lawfully existing at the time of the loss under the laws of some one of the United States. And no claim shall be admissible or allowed by said court arising in favor of any person not entitled at the time of his loss to the protection of the United States in the premises, nor arising in favor of any person who did not at all times during the late rebellion bear true allegiance to the United States.

The judgments under this act will consume about one-half of the fund, leaving nearly $10,000,000 to be disposed of.

The report of the Judiciary Committee made to the House on the 29th of March very properly states that—

Four classes of claimants for such unappropriated moneys have appeared before the committee:

First. Persons who had vessels destroyed during the late rebellion by the cruisers exculpated by such tribunal.

Second. Persons who paid war premiums by reason of such cruisers being upon the sea.

Third. Insurance companies who insured vessels destroyed by the cruisers inculpated by the tribunal of arbitration.

Fourth. Persons excluded by section 12 of chapter 459 of the laws of the Forty-third Congress, (act of June 23, 1874,) because not bearing, during the late rebellion, true allegiance to the United States.

The first and second classes are not within the provisions of said chapter 459.

The third class is within the provisions of said chapter, but the underwriters complain that by section 12 they are unjustly limited as to the amount of recovery.

The fourth class is excluded by section 12.

The third class demands the repeal of that part of section 12 which enacts, "No claim shall be admissible or allowed by said court by or in behalf of any insurance company * * * unless such claimant shall show to the satisfaction of said court that during the late rebellion the sum of its * * * losses in respect to its * * * war risks exceeded the sum of its * * * premiums or other gains upon or in respect to such war risks," and the fourth class demands the repeal of that part of said section by which they are excluded.

The report of the Judiciary Committee estimates the claims of the first class, including interest, at $1,500,000; the claims of the second class, at $5,000,000. The claims of the underwriters now asking payment, each $8,000,000.

The State Department gives the following:

DAMAGES BY EXCULPATED CRUISERS.

Statement showing the number of vessels and value of cargoes destroyed by confederate cruisers other than the Alabama and Florida and their tenders, and also the Shenandoah subsequent to her departure from Melbourne on the 18th of February, 1865, and the amount of insurances effected on the vessels and cargoes so far as is shown by papers on file in Department of State.

Cruisers.	Name of vessel.	Value of vessel	Value of cargo.	Amount of insurance in United States companies.	Amount of insurance in foreign companies.
By the Shenandoah	Alina	$68,000 00		$3,500 00	
Do	Charter Oak	25,492 00	$8,081 57	27,900 00	
Do	Delphine	56,000 00		9,000 00	
Do	D. Godfrey	15,000 00	28,404 00	47,085 00	
Do	Edward	30,000 00	8,706 00	19,875 00	
Do	Susan	12,000 00			
By the Sallie	Betsy Ames		5,540 00	5,540 00	
By the Tallahassee	Adriatic	95,000 00	102,543 14	69,377 43	
Do	Atlantic	10,000 00			
Do	Magnolia	1,200 00			
Do	Mercy A. Howe	4,000 00	3,500 00		
Do	North America	4,000 00	1,500 00		
Do	A. J. Bird	20,000 00	4,569 00		
Do	Arcole	25,000 00	60,599 05	111,196 00	
Do	E. F. Lewis	6,400 00	13,933 00		
Do	Empress Theresa	30,000 00			
Do	Etta Caroline	3,500 00			
Do	Floral Wreath	10,000 00			
Do	Glenavon	80,000 00		15,000 00	
Do	Howard	12,000 00	323 91		
Do	James Frinck	24,000 00			
Do	James Littlefield	40,000 00		11,000 00	
Do	Josiah Achorn	8,000 00			
Do	Lamont Du Pont	13,000 00	680 00	680 00	
Do	Pearl	1,500 00			
Do	Roane	4,000 00			
Do	Spokane	8,000 00			
Do	T. D. Wagner	25,000 00			
Do	Vapor	11,300 00		1,005 68	
Do	William Bell	24,000 00			
Do	P. C. Alexander	21,300 00			
Do	Restless	4,478 00	4,419 00		
Do	Carrie Estelle	22,000 00	1,040 00		
Do	A. Richards	23,000 00			
By the Georgia	Bold Hunter	47,000 00	3,015 20	26,000 00	
Do	Constitution	50,000 00	23,628 68	50,000 00	
Do	Dictator	90,290 00	16,180 00	20,000 00	
Do	Good Hope	35,000 00	43,592 60	70,000 00	
By the Nashville	Harvey Birch	65,000 00			
Do	Robert Gilfillan	21,800 00	14,569 37	16,050 00	
By the Retribution	Emily Fisher	2,161 45	18,704 52	9,352 26	

Statement showing the number of vessels and value of cargoes destroyed by confederate cruisers, &c.—Continued.

Cruisers.	Name of vessel.	Value of vessel.	Value of cargo.	Amount of insurance in United States companies.	Amount of insurance in foreign companies.
By the Chickamauga	Emma L. Hall		$26,184 00	$45,301 00	
Do	Mark L. Potter	$43,000 00	7,149 16	8,750 00	
Do	Otter Rock	6,191 78	4,430 00		
Do	Shooting Star		14,483 85	61,500 00	
By the Sumter	Arcade	4,500 00			
Do	D. Trowbridge	8,500 00	9,486 60		
Do	Eben Dodge	25,730 80		2,250 00	
Do	Golden Rocket	40,000 00			
Do	Joseph Maxwell			6,994 44	
Do	Joseph Parks			4,900 00	
Do	Neapolitan			11,486 00	
Do	Vigilant	50,000 00		13,000 00	
By the Jefferson Davis	Wm. E. McGilvery			4,752 00	
Total		1,226,444 03	425,253 65	671,434 81	

RECAPITULATION.

Number of American vessels destroyed by all cruisers	194
Number of vessels destroyed by vessels other than the Alabama, Florida, and the Shenandoah subsequent to February 18, 1865, and their tenders	62
Value of vessels destroyed by cruisers other than the Alabama, &c., so far as reported	$1,226,444 03
Value of cargoes on vessels as above, so far as reported	425,253 65
Amount of insurance on vessels and cargoes on vessels as above, so far as reported	672,494 81

A majority of the Judiciary Committee have reported a bill providing for the payment from the Alabama fund of the first three classes of claimants enumerated in their report:

1. It proposes to pay all "claims directly resulting from damage done on the high seas by confederate cruisers, whether inculpated or exculpated, whether British-built or otherwise."

It proposes to pay—

For claims for the payment of premiums for war risks, whether paid to corporations, agents, or individuals, after the sailing of any confederate cruiser.

It proposes to pay—

For claims for sums actually paid for insured property destroyed on the high seas by such confederate cruisers, except sums for which judgments have been entered under section 12 of said chapter.

This gracefully omits to name insurance companies but nevertheless provides for them, although their war-premium risks resulted in profit.

These claims will swallow up all the fund and leave nothing to the Government for its losses or for those of the people.

That it will operate as a gross wrong upon the Government and citizens of the United States seems to me susceptible of the clearest proof.

1. The inculpated and exculpated cruisers alike destroyed ships owned or chartered by the Government and destroyed cargoes and other property of the nation besides.

This sufficiently appears from a memorandum furnished from the Navy Department, as follows:

NAVY DEPARTMENT, *Washington, April*, 1876.

The United States steamer Hatteras, sunk by the Alabama January 11, 1863. Expenses of Navy Department for Hatteras:

Bureau of Navigation	$6,082 00
Bureau of Ordnance	6,436 14
Construction and repair	110,000 00
Provisions and clothing	4,500 00
Total	127,018 14

Bark Greenland,* captured July 9, 1864, by Florida, with nine hundred tons of coal. Expense, $30,115.

Bark Whistling Wind,* captured by Coquette, tender to Florida, with four hundred and fifty tons of coal. Expense, $22,362.

Hatteras			$127,018 14
Greenland	Vessel	$23,500 00	
	Cargo	6,615 00	
			30,015 00
Whistling Wind	Vessel	20,000 00	
	Cargo	2,362 00	
			22,362 00
Total			179,495 14

The bill proposes to pay citizens for losses of this character, but makes no provision for the Government loss precisely similar. No provision is made for a suit by the United States against the United States. The Government is regarded as "having no rights" which "Congress" is bound to respect.

Ships and cargoes of American citizens destroyed by inculpated cruisers were insured by foreign underwriters who paid for their loss. Neither the owners nor underwriters make any claim on the fund, and they are expressly excluded by the act of June, 1874. Yet the Geneva award covers this loss, and that portion of the fund represented by it can have no claim on it, except by the Government itself, which is clearly and beyond all doubt entitled to have this covered into the Treasury.

Yet this bill proposes to absorb this portion of the fund in favor of underwriters who have made large profits.

3. The fund was paid to the United States by Great Britain September 9, 1873, and on the same day, by virtue of the act of March 3, 1873, (17 Statutes, page 601,) was "invested in the 5 per cent. registered bonds of the United States," and has been accumulating with interest compounded semi-annually. (House Executive Document No. 149, first session Forty-fourth Congress.) Interest was paid to claimants under the act of June, 1874, from date of loss only at the rate of 4 per cent. not compounded. The award itself covered interest on claims at 6 per cent.

I know that in Williams *vs.* The United States, before the court of commissioners of Alabama claims, it was said "how the interest was computed is not known." But it *is known*, and it was 6 per cent. Sir Alexander Cockburn, chief justice of England, the British arbitrator, who, in filing his reasons for dissenting from some of the provisions of the final award, after discussing the subject of interest, says:

At all events, I see no reason why, under all these circumstances, anything more than the lowest rate of interest anywhere prevailing in the United States should be allowed, and I cannot concur in the rate of 6 per cent. adopted by the tribunal.

The award was for $15,500,000 in gold. (Protocol xxix.) The synoptical table presented to the tribunal by Mr. Staempfli on the 2d of September shows that a computation of interest thereon at 6 per cent. for eight years and eight and a half months, since the losses occurred, would make in round numbers the amount of the award. (Protocol xxix.)

The fund has thus enlarged and accumulated. The difference between the 5 per cent. accumulation since the fund was invested and the 4 per cent. allowed on claims will reach near a half million dollars, besides the difference between 6 per cent. included in the award and the 4 per cent. on losses adjudicated under the act of June, 1874. Yet the bill with no shadow of justice proposes to take this accumulation and give it to underwriters who profited by the war.

4. The award of the Geneva tribunal was paid in gold, and the claims allowed under the act of June, 1874, were paid in greenbacks at a discount of 12 per cent. or more on gold. The difference would furnish some measure of compensation to the Government for administering the fund, but this difference yet remains in the fund as an accumulation of it of more than a million. The effect of this bill will be to take this accumulation discounted from claims declared to be valid and just by the act of 1864 and to give it to underwriters rejected by the Congress of 1874, and whom the pending bill declares as the least meritorious of all claimants and only worthy of consideration when other classes are fully paid. Whether the act of 1874 makes any adequate provision for re-imbursing the United States for administering the fund and adjudicating claims, it may be well to consider; but the bill now proposed makes no pretense of a provision for it.

In all its purposes the bill seems to display great skill in ignoring every right of the Government and all the equities of the whole people, both heavy losers by the war. The measure of its justice consists in taking from those who have been losers by the war and giving almost exclusively to those who have profited and grown rich by it. And this is done in the name of justice and statesmanship. Not one of the classes of claims proposed to be paid by the bill has any legal, equitable, or just claim on the fund.

This I proceed to show.

The claim now made upon the fund in behalf of the underwriters is by far larger in amount than that made by all other claimants.

I propose, therefore, first of all, to consider the claims of insurance companies upon the fund.

The act of June 23, 1874, creating the court of commissioners of Alabama claims provides for re-imbursing all underwriters who paid for ships or cargoes destroyed by inculpated British-built confederate cruisers, subject to exceptions declared in these words:

And no claim shall be admissible or allowed by said court by or in behalf of any insurance company or insurer, either in its or his own right, or as assignee, or oth-

* Captured while conveying coal under charter with the Navy Department.

erwise, in the right of a person or party insured as aforesaid, unless such claimant shall show to the satisfaction of said court that during the late rebellion the sum of its or his losses, in respect to its or his war risks, exceeded the sum of its or his premiums or other gains upon or in respect to such war risks; and in case of any such allowance the same shall not be greater than such excess of loss. And no claim shall be admissible or allowed by said court arising in favor of any insurance company not lawfully existing at the time of the loss under the laws of some one of the United States.

Congress has gone very far in its bounty to underwriters. The court of commissioners of Alabama claims decided on the 12th of April that—

Insurance companies and insurers cannot recover in this court unless they show two things: First, that they suffered damage or prove losses by reason of destruction of property by the confederate cruisers Alabama, Florida, and the Shenandoah after she left Melbourne; and, second, that their business in insuring against war risks during the rebellion caused them a net less; both of which being proved they may recover a sum equal to the amount of such net loss in their business, if their losses by said cruisers amounted to the aggregate of such loss, but in no case greater than the amount of such net loss on such war-risk business.

In determining the net loss, the amounts paid and received for re-insurance are to be taken into consideration.

The effect of this is that if an underwriter sustained *any loss* from an inculpated cruiser, however small, then if upon *all his business* he sustained loss, whether arising from inculpated or exculpated cruisers, he can be re-imbursed for his loss. He may thus recover from this fund for losses inflicted by exculpated cruisers although no part of it was paid by Great Britain in consequence of or to cover such loss. Under this an underwriter can recover for a loss by an exculpated cruiser when the owner could not. This result was not foreseen or intended by Congress. It adopts a principle which gives color to claims by all who suffered losses from exculpated cruisers.

The only question, therefore, remaining to be determined as to the underwriters is whether any part of the fund shall hereafter be paid to those the sum of whose profits in respect of war risks exceeded their losses. In other words, shall underwriters who profited by the war and war premiums be paid additional sums? If the claim of the underwriters is to be sustained, it must be either because they are entitled to a part of the fund by some *principle of law* or upon some *principle of justice.* I will endeavor to show that no claim can be sustained on either ground. And, first, as to a claim on any principle of law.

The chief argument in their behalf is based on the rule of law, that the rights of the assured in the insured property or what may be realized from it. (See Congressional Record of 1873-'74, volume 5, page 3754; Thurman's speech, May 11, 1874; Webster's Works, volume 4, page 156, speech 1835.) No lawyer disputes the existence or soundness of the rule, but how can it be pretended that it has any application here? It is a rule of justice between the insurer and the assured, and extending so far as to be binding on the creditors of the latter, but it is predicated of *actual* loss. The insurer pays for a total loss of the property insured; the owner, or his representatives, are made whole; the amount paid is much more than the premium received. Why should not the underwriter have turned over to him what may be saved from the wreck? There is manifest justice in the rule. The law is all right, but in the class of cases to which it is now sought to apply it neither the law or the facts apply. The parties insured have no claim on the fund to which the insurance companies can be subrogated.

The underwriters cannot claim any part of the fund upon any principle or doctrine of subrogation for several reasons:

First. *The Government holds the fund subject to no legal demand on it, but for distribution in its own discretion.*

This is a mixed proposition of law and fact. And as a proposition of law there *can be no legal right by subrogation against a fund so held.*

That this is the *status* of the fund is proved by abundant evidence. *It was so declared by the Secretary of State, and so understood at Geneva.*

It must be borne in mind in any discussion touching the distribution of this fund that no individual claimant or class of individual claimants have or possess any such right or interest in it as can be held to constitute the basis of a *legal* demand. Prior to the act of Congress of June 23, 1874, there was *no law* which prescribed any mode of distribution or gave any claimant any *legal* right.

The whole history of the arbitration proceedings from the commencement of the negotiations that preceded the conclusion of the treaty of Washington of May, 1871, down to the final award of the tribunal at Geneva, on the 14th of September, 1872, establishes first and beyond question this proposition, namely: That the complaint preferred by the Government of the United States against the government of Great Britain was one for national wrong. It was for this alleged national wrong that the Government of the United States demanded from that of Her Britannic Majesty acknowledgment, and, so far as pecuniary indemnity could be considered as compensation for the wrong, agreed to accept such indemnity. This was the real question submitted to the decision of the tribunal of arbitration at Geneva.

Mr. Secretary Fish, himself one of the commissioners of this Government in the negotiation of the treaty, and who, from his position of the first on the joint high commission, and at the same time the President's minister and chief adviser for foreign affairs, must be supposed to have been in full possession of the views of the Government, in his general instructions to the counsel of the United States at the Geneva tribunal imparted to these distinguished lawyers on the 8th of December, 1871, instructions as follows:

The President desires to have the subject discussed as one *between the two governments*, and he directs me to urge upon you strongly to secure, if possible, the award of a sum in gross. In the discussion of this question, and in the treatment of the entire case, you will be careful not to commit the Government as to the *disposition* of what may be awarded. * * * It is possible that there may be duplicate claims for some of the property alleged to have been captured or destroyed, as in the cases of insurers and insured. The Government wishes to hold itself *free to decide as to the rights and claims of insurers* upon the termination of the case. If the value of the property captured or destroyed be recovered *in the name of the Government, the distribution of the amount recovered will be made by this Government without committal as to the mode of distribution.* It is expected that all such committal be avoided in the argument of counsel. (Papers, &c., volume 2, page 414.)

It will be noticed the Government was not to be committed as to the "*disposition*" of what might be awarded. It was not necessarily to *distribute* the money to claimants, but might *dispose* of it by paying it into the Treasury.

The status of the fund has been determined by a competent court.

The court of commissioners of Alabama claims was created by the act of Congress of June 23, 1874, (18 Statutes, page 245,) for the distribution of a portion of this fund. The attention of the court has been directed to the question of the power of Congress and to its own authority as a court.

In Schreiber and others *vs.* The United States, (page 4 of the volume of reports of decisions,) the court say:

The court of commissioners of Alabama claims was, by the act of 23d June, 1874, constituted *a court*, not in form merely, but in every essential attribute of *a court.* * * * Its jurisdiction is certainly limited to a particular class of subjects, but within the range of its jurisdiction its power to hear, to decide, and to enter judgment is as complete as could be claimed for any court of the most enlarged jurisdiction.

In Williams *vs.* The United States, (pages 2 and 3,) the court say:

Let not the proper attitude of the claimant to the fund for distribution be misunderstood. Whatever his loss may have been he had not the power to obtain compensation from Great Britain by his own act. * * *

The Government of the United States accepted the sum awarded in full settlement of all the claims comprehended in the terms of the treaty. * * *

It is clear the Government had the right to prescribe the terms on which claimants should present their claims. They were not strong enough to compel payment of the money by Great Britain, and when this Government obtained it *the claimants had no legal right to it except that which this Government, by its own acts, chose to accord.*

Raynor, Justice, in Hubbell *vs.* The United States, (page 3,) says:

Nothing can be found in those proceedings *to limit or control good faith on the part of our Government in making such allowance to claimants before us as in their judgment and discretion Congress might think proper.* In fact the very able committee to whom the British board of trade referred the investigation of the points at issue say in their report:

"The proper compensation for the losses occasioned by the cruisers is the question we have to examine, but with the mode of distributing that among the various claimants, *the American Government alone is concerned.*"

It does not appear from the award or protocols what claims or losses are included in the amount awarded.

The agent of the United States (volume 4 of the papers relating to such treaty, pages 7 and 8) states:

The deliberations of the tribunal on the subject of damages were held with closed doors. * * * It does not appear in the protocols how the arbitrators arrived at the amount. * * * I felt sure that the arbitrators would not consent to send the case to assessors. * * * We therefore devoted our energies toward securing such a sum as should be practically an indemnity to the sufferers. Whether we have or have not been successful can be determined only by the final division of the sum.

Here, then, is a judicial determination against any right existing by *subrogation.* The fund, in fact, was not given as *compensation for injuries to citizens*, but as *recompense for a failure to perform neutral duties;* for the *wrong of a nation against a nation.* This was well understood by the British government during and after the deliberations of the Geneva tribunal.

Mr. Gladstone, the premier at the time, speaking from his place in the House of Commons, said:

No claims of individuals have been submitted to the arbitration in relation to the Alabama. What was submitted to arbitration was entirely a question between the two governments.

And this he said in specific reference to underwriters and others who had property destroyed by the Alabama.

And in the final argument on behalf of the United States, Mr. Davis said the tribunal "should have regard to all considerations of damage or injury *to the United States* within the scope of the arbitration."

It will throw light on this question to consider what preceded the treaty of Washington. The Johnson-Clarendon treaty, designed to settle our difficulties with England growing out of the war, contemplated compensation to individuals. It was characterized in the Senate as "a bundle of private claims," and for this reason it was rejected.

The demand of our Government for indemnity from Great Britain rested upon wrongs which furnished a just cause for war, and therefore the reparation belongs to the nation. (Halleck's International Law, page 629.)

There was manifest reason and propriety in reserving to the Government a right either to distribute the fund in its discretion to individual claimants or, as Secretary Fish said, make any other "*disposition*" of it deemed proper. If, as the fact is, the loss occasioned by the destruction or some of the American vessels and cargoes fell exclusively on the *whole people* of the country, *their* equity to be re-imbursed by covering

a portion of the fund into the Treasury is higher than that of underwriters who not only lost nothing but absolutely made large profits from "war-risk" premiums.

This is a sufficient answer to the theory that the United States received the fund—

And hold it *in trust* to be applied in satisfaction of a certain class of injuries to citizens of the United States, for which Great Britain was adjudged by the tribunal of arbitration to be responsible, and not otherwise. (Views of Mr. KNOTT, of minority of Judiciary Committee, page 5.)

The Government is not embarrassed by any such trust. A trust leaves no discretion but to execute it in favor of the *cestui que trust.* (Gracie *vs.* New York Insurance Company, decided by Chief Justice Kent.)

Article 10 of the treaty provided that—

In case the tribunal finds that Great Britain had failed to fulfill any duty or duties as aforesaid, and does not award a sum in gross, a board of assessors shall be appointed to ascertain and determine what claims are valid and what amount shall be paid by Great Britain to the United States on account of the liability arising from such failure as to each vessel, *according to the extent of such liability as decided by the arbitrators.*

But the award was of a *sum in gross* and was not under the article.

The assessors under this article must have decided specifically on claims, but because this might possibly have given money to insurance companies not entitled to compensation like those now asking it and because it might possibly have left Congress no discretion to so apply a portion of the fund as to indemnify the whole people on whom a large part of the losses ultimately fell, the Geneva tribunal made an award in gross, leaving Congress unembarrassed by any trust and "without committal as to the mode [either] of *distribution* [or] *disposition.*"

The underwriters find no sanction for the demand they now make in any trust, for none such exists.

Second. The doctrine of *subrogation* has no application to this fund, because it exists only as a rule of the *common law* and in *equity jurisprudence,* but not as against nations in asserting rights or performing duties arising out of *international* law.

The common law is one system; international law is a very different system.

The common law rests upon reasons applicable to the condition of persons; international law upon reasons applicable to nations.

The distribution or disposition of the fund is not a subject for the application of municipal or common law, but is for the decision of statesmanship and the application of broad principles of justice as applied to particular claimants and the whole people.

We are not now arguing a case as counsel for underwriters in a common-law or equity court, but we are exercising the powers and duties of statesmanship, bound by no merely technical or arbitrary rules, but guided by enlightened principles of justice and right among men. It would be just as appropriate to cite now the dead and buried laws of Lycurgus, or those of China and Japan, as to cite municipal law, for none of these have any relation to the subject under consideration.

But, if we were now in a common-law court, the underwriters are aided in their claim by no principle of the common law.

Third. *The underwriters have no right of subrogation on common-law principles applicable among citizens which could reach this fund.*

If nations could be measured in their liabilities and duties by the narrow rules of the common law applicable to the affairs of natural or corporate persons, even then the underwriters would have no claim on this fund arising from the doctrine of subrogation.

The inculpated cruisers were the active and operating agents in destroying ships and cargoes to the damage of their owners and underwriters.

The British government did no act and omitted no duty with a view to destroy any particular ship or cargo. The wrong of that government consisted in omitting to prevent the fitting out and sailing from British ports of the confederate cruisers. The wrong was aimed at and intended to be injurious to the American Republic in its national capacity and to the people as a whole. It was an omission of duty through which the cruisers found an opportunity to divert the naval power of the Republic from the suppression of the rebellion and at the same time destroy ships and cargoes of our citizens.

This leads me to state the rule of the common law as to subrogation between private persons.

The right of *subrogation* exists in favor of an underwriter who has been subjected to liability and made payment on a policy of insurance to all actions against the person whose negligence or wrong is the *proximate* cause of loss to the assured. But it does not *in addition* leap over this wrong-doer to reach one never guilty of any act or omission designed to cause the particular loss, but only guilty of an omission of duty through which the actual wrong-doer has found the opportunity to cause the loss. The active agent in the wrong may be reached by the right of subrogation. The *causans* incurs the liability, but not the *causa causans,* and by so much the less a party who, guilty of a general wrong purpose but none in the particular case, has afforded opportunity to the actual wrong-doer to inflict damage.

These I assert as principles of common law applicable to natural and corporate persons.

Let us see if I state them correctly.

That the right of subrogation exists against the immediate agent in causing the loss as I have stated will be admitted on all hands. I am not now saying whether the Alabama or her owners or those in command could be held liable in courts for an act done in war. That is a totally different question; but as between natural persons not exercising belligerency the rule is, beyond controversy, as I have stated. Assuming, then, that the commanders of the confederate cruisers were guilty of wrong in destroying American ships insured by underwriters, and that the owners could maintain an action in court against the commanders, and that the underwriters who paid the loss would be subrogated to this right of action, it does not follow that a similar right of action would exist against the British government for the *other* and *different wrong* of which it was guilty.

Its wrong was not *participation in the destruction of ships,* but an *omission to prevent the cruisers from sailing from British ports.*

In Dixon's Treatise on the Law of Subrogation it is said as to underwriters:

The right of subrogation exists in favor of an insurer who has been subjected to liability and made payment on a policy on the happening of the loss, to all actions against the person by whose negligence or wrong the loss was caused. (Page 151.)

This is a clear and full statement of the entire extent to which the right of subrogation exists. It will be noticed it goes only—

Against the person by whose negligence or wrong the loss was caused.

That is, against the person who is the *proximate* cause of the loss.

But it does not reach those whose omission of duty in other respects may have opened the way through which the actual wrong-doer passed in *his* wrongful purpose to cause a loss.

The rule as here stated would reach the commander of the cruisers "by whose wrong the loss was caused," but would not reach Great Britain who opened the doors of her ports to permit the commanders and cruisers to pass out to sea for the general purpose of preying on American commerce.

It may be noticed that every case cited by Dixon is limited to the action against the wrong-doer whose act was the *proximate* cause of the loss.

I feel safe in asserting that *not one case can be found in all the books which carries the subrogated right of action beyond the person whose wrong was the proximate cause of the loss.*

The case of Comegys *vs.* Vasse, 1 Peters, 193, has been cited as an authority against this position, but it directly proves it, and shows that the right of subrogation now claimed against the Alabama fund finds no sanction upon any principle of subrogation.

By the Spanish treaty of 1819 our Government, in consideration of the cession of Florida, agreed—

To make satisfaction * * * to citizens of the United States for all claims upon the government of Spain arising from the unlawful seizures at sea and in the ports and territories of Spain or the Spanish colonies. (8 Statutes, page 258, articles 9–11.)

The treaty and the act of March 3, 1821, created commissioners to assess the damages, (3 Statutes, page 639.) Vasse, as an underwriter on vessels of American citizens, had paid for vessels captured and carried into Spanish ports and abandoned to him. Vasse became bankrupt and assigned his effects to Comegys. The commissioners in 1824 awarded to Comegys $8,840, which was paid from the Treasury.

Vasse sued Comegys to recover this, upon the ground that it did not pass by the assignment. But the court held it did. Mr. Justice Story, in commenting on the effect of an abandonment for total loss and full payment by the underwriter, cited authorities to show that the *spes recuperandi* belonged to the insurer, and he said of their reasoning that it–

Goes to show that whatever may be recovered or received, whether in the course of judicial proceedings or otherwise, as a compensation for the loss belongs to the underwriters.

That was a case where the Spanish government assumed the act of Spanish subjects in seizing American vessels. The wrongful act thus made the act of Spain was the *proximate* cause of the loss.

In this respect it differs from the wrong of Great Britain. The wrongful act of the confederate government and cruisers was the proximate cause of the loss for which the underwriters now ask compensation, not the wrongful omission of duty by Great Britain.

In the Spanish treaty our Government for a valuable consideration *agreed to pay* our citizens damages for the unlawful Spanish seizures. Under the treaty of Washington our Government made no such agreement, but reserved the right to "*dispose*" of the fund in its discretion.

The underwriter Vasse suffered loss, while the underwriters whose claims I insist shall be denied made their war insurance a source of profit.

Under the Spanish treaty no claim was made except by Vasse and his right was not controverted. Now the claim of the underwriters is controverted, and Congress by the act of June 23, 1874, declared them entitled to nothing.

The losses by Spanish seizures fell exclusively on ship-owners or underwriters; the losses resulting from confederate cruisers fell largely on the whole people.

The opinion of Justice Story was in a case which furnishes no analogy for questions now to be decided, and gives no color to any right by subrogation.

Substantially the same remarks apply to the case of Randall *vs.* Cochrane, 1 Vesey, 98, in which no element mingled but the naked question whether a fund confessedly created to pay a loss belonged to the assured, who had already been fully paid by the insurer, or to

the insurer himself. It was not difficult to decide that the assured had no right to double payment. The case of Rogers *vs.* Hosack's Executors, 18 Wendell, 319, adds no new principle to the cases which I have already mentioned.

As to all the cases cited to support the claim of the insurance companies on the ground of *subrogation*, it is certain they only relate to claims of underwriters—

Against a fund which has by the terms of an award been in so many words given to a specified owner. (Campbell *vs.* Mullett, 2 Swanston, chapter 551, margin.)

This is by no means the condition of the Alabama fund.

The opinion of Attorney-General Hoar (13 Opinions, 182) merely recognizes the "rule of subrogation in a case where, under the statutes of the United States, the Government was legally bound to pay for a vessel which had been lost."

That was a case over which a judicial court could take cognizance founded on legal right; but here there is no judicial cognizance, no legal right, no moral obligation, or equity in favor of the underwriters.

It has been alleged in support of the claim of the underwriters that the British-American mixed commission, under the twelfth article of the treaty of Washington, awarded damages to underwriters for British property destroyed or damaged by American vessels. (17 Statutes, 868; Congressional Record, volume 5, for 1873-'74, page 3754; volume 6; Papers relating to treaty of Washington, being Hale's report, page 196.)

It is sufficient to say that any claims of this class occupy substantially the position of claims under the Spanish treaty of 1819. By the treaty of Washington it was provided in substance—

That all claims of corporations, companies, or private individuals, subjects of Her Britannic Majesty, upon the Government of the United States, arising out of acts committed against the persons or property of subjects of Her Britannic Majesty during the period between the 13th of April, 1861, and the 9th of April, 1865, inclusive, * * * shall be referred to three commissioners, who shall carefully examine and decide according to justice and equity all such claims as shall be laid before them.

The commissioners were also to decide in like manner all such claims of citizens of the United States against Great Britain other than claims growing out of the British-built confederate cruisers.

In the distribution of indemnities or funds like that derived from the British government, Congress has denied the claims of underwriters, as now asserted in this bill, either by subrogation or otherwise. It was refused after full discussion when the act of June 23, 1874, was passed. This only followed the usage of Congress.

Governor Washburn, of Massachusetts, the honest and faithful chairman of the Committee of Claims in this House for so many years, gives his testimony as follows:

COMMONWEALTH OF MASSACHUSETTS, EXECUTIVE DEPARTMENT,
Boston, January 24, 1873.

DEAR SIR: While I was on the Committee of Claims for six years several cases of insurance companies were presented where property had been lost or destroyed on which they had paid the insurance. The committee always dismissed the claim on the ground that they were *paid for the risk*, and could not ask the Government to hold them harmless.

Yours, truly,

W. B. WASHBURN.

GEO. A. SHATTUCK, Esq.

And this accords with the practice of the British government.

In support of this I will read a clear and forcible statement of this subject, as follows:

British property was in, and British underwriters had insured the cargoes of, ships which were destroyed by the Alabama. They, claiming that by the Geneva award American citizens had been indemnified for similar loss, asked indemnity of their government.

Under the advice of the law officers the British government rejected their claim.—*London Times*, May 24, 1873, as quoted in *Foreign Relations of the United States*, 1873, part 1, page 363.

During the debate in the British Parliament Mr. Anderson asked:

"If we were obliged to pay for damage sustained by the Americans by reason of the conduct of the Alabama, why were we not equally bound to pay for the damage sustained by our own subjects by reason of the acts of that vessel?"—*London Times*, May 27, 1873; *Foreign Relations United States*, part 1, page 371.

Mr. Gladstone, then prime minister, said:

"It appears to be implied that the government submitted the claims of *certain persons* not subjects of Her Majesty to arbitration.

"*This is altogether a mistake. No claims of individuals have been submitted to arbitration in relation to the Alabama.*

"*What was submitted to arbitration was entirely a question between the two governments.*"—*Idem.*, page 377.

If the claims now asserted by the underwriters had accrued in time of peace and if the nations concerned could be subjected to common-law rules, this law would not permit the insurers to leap over the commanders of the confederate cruisers and the confederate government itself to seek indemnity from the British government. This would be a remedy *per saltum*. No rule of the common law, civil or criminal, would give a right of action or prosecution.

Great Britain did not by any act of hers attack any American ship. She could not be criminally responsible, even if subjected to laws applicable to natural persons, because that would require evidence of a specific intent on her part to aid the attack on a particular ship destroyed. (Ogletree *vs.* State, 28 Alabama, page 693; 2 Southern Law Review, new series, page 91, April, 1876.)

In Langredge *vs.* Levy, 2 Meeson & Welsby, page 530, an action was brought to recover damages resulting from a fraudulent misrepresentation of property sold, and it was claimed in argument—

That wherever a duty is imposed on a person by contract or otherwise, and that duty is violated, *any one* who is injured by the violation of it may have a remedy against the wrong-doer.

But Park, baron, denied that this was law in its full extent, and said he could not maintain—

A principle which would lead to that indefinite extent of liability.

To create liability, he said, the act complained of must result—

Not from an act remote and consequential, but one contemplated by the defendant at the time as one of its results.

This was sustained in Winterbottom *vs.* Wright, 10 Meeson and Welsby, 107, by Lord Abinger.

The supreme court of Ohio, in a case involving this principle, said:

The influences of human conduct, good or bad, are far-reaching, and are often seen and felt in consequences exceedingly remote but uncertain and complicated. It is simply impossible that *municipal* law should take cognizance of all these consequences. From necessity a large share of them must be left to the jurisdiction of public opinion, individual conscience, and finally to the retributions of another world. (Wells *vs.* Cook, 16 Ohio State R., 73.)

In 2 Greenleaf on Evidence, section 562, it is said:

The damage to be recovered must always be the natural and *proximate* consequence of the act complained of. This rule is laid down in regard to special damage, but it applies to all damage.

The *remote* consequences of a wrong are not the subject of relief by municipal law.

The claim of the underwriters against Great Britain, or the fund which she paid, is not so strong as would be the right of a life insurance company to an action against a party wrongfully killing a person on whose life a policy had been issued and the loss paid. But such right of action does not exist. (Connecticut Life Insurance Company *vs.* New York and New Haven Railroad, 25; Connecticut, page 235.) No action against an incendiary accrues to a fire insurance company which pays a loss by his crime. (Rockingham Insurance Company *vs.* Borker, 39 Maine, page 253; Clark *vs.* Inhabitants, 2 Barnewell & Cresswell, page 254.)

The British courts are open alike to subjects and aliens on a petition of right; but the underwriters would find no redress there, because the courts cannot say the political power has done wrong. (Law of Claims against Governments, page 192-206, being House Report No. 134, second session Forty-third Congress; Mississippi *vs.* Johnson, 4 Wallace, page 497; Gibbons *vs.* The United States, 8 Wallace, page 269; Campbell *vs.* Mullett, 2 Swanton's Chancery, [552,] page 587.)

But Great Britain was not exempt from liability. Her liability arose by no rule of common law. It existed by international law, and was settled in the modes which that law pointed out.

Diplomacy is the peaceful remedy, and arms the remedy of last resort. The remedy has been sought against England, restitution has been made, and now the fund which has resulted so far as not already distributed is to be "*disposed*" of—not necessarily "*distributed*" to individual claimants—as the principles of justice require.

If it were necessary to pursue this inquiry further it might be urged that although our Government had a right to demand of Great Britain reparation for her wrong, yet the underwriters could make no such demand.

The commanders of the inculpated cruisers were the immediate and direct agents in destroying American ships. They were guilty of the wrong. Great Britain was not even an accessory before the fact. Her wrong was the failure to prevent the cruisers from going to sea.

But the owners of ships destroyed have never been able to pursue any remedy against the cruisers or their commanders, the principals in the wrong, and they could not legally pursue even an accessory where a principal could not be pursued.

Neither the ship-owners nor underwriters have sought any remedy by action in court against the commanders of the inculpated cruisers. If they are protected from such action in court by their belligerent character, then it is difficult to perceive how a claim could arise on ordinary legal principles in favor of ship-owners or underwriters against Great Britain for her indirect agency in the wrong. If the commanders of inculpated cruisers are not protected from civil action by their belligerency, as may be inferred from the rulings of courts in West Virginia and elsewhere, then ship-owners and underwriters should exhaust that remedy before making a demand upon this fund, which is subject to the claims of the Government and citizens of the whole country upon it as indemnity for losses sustained by and in consequence of the war.

The underwriters, then, have no claim upon this fund upon any *principle of law*.

I now proceed to show that the equitable demand on behalf of the whole people to cover this fund into the Treasury is stronger than any claim of the underwriters upon it.

The underwriters provided for in this bill have no claim upon the fund, for reasons which I will state rather than argue, as follows:

1. Because they suffered no loss, but made profit from their aggregate war risks.

To appropriate money now for their benefit will simply verify the declaration of Holy Writ, which proves that the penalties of misfortune shall be increased: "To him that hath shall be given, but from him that hath not shall be taken away even that which he seemeth to have."

2. Money given to cash insurance companies now, will operate as a *bonus* in favor of stockholders now, who as a general rule were not stockholders during the war, and who consequently have no shadow of equitable claim on the fund.

3. As to mutual-insurance companies, the same objection appears with still greater force.

4. The claims of the insurance companies were rejected by the Geneva tribunal, which, as their award says,

Set aside all *double* claims for the same losses,

meaning the claims of underwriters for losses which had already been presented by and in the name of the Government.

5. Because the Geneva tribunal *refused* to make an award under article 10 of the treaty, which would have required a board of assessors to pass on specific claims in favor of persons, thus possibly raising an equity or trust in their favor, and instead of this awarded a sum in gross to the United States to avoid any possible claim of underwriters.

6. Because, as already shown, the underwriters have no legal claim on the fund.

7. Because, as already shown, the award was specifically compensation *to the nation*, on a *national claim*, and for *national damages*.

The *cause of action* was the wrong of Great Britain in failing to observe an international duty to the United States.

8. Because the uniform usage of Congress in the distribution of indemnities has been to reject the doctrine of subrogation, as proposed by this bill, in favor of underwriters.

9. Because this is the universal rule of law in England and other countries.

But it may be said if the underwriters should be excluded from all share in the Alabama fund, because on their aggregate war risks they made profit, the same rule should be applied to citizens who lost cargoes and vessels having no insurance, if upon these aggregate ventures they made profits.

It may be true that the same rule should be applied. Certainly if they made *reasonable profits* they have not suffered any loss which should be re-imbursed. And if they made such profits the *loss* has not fallen *on them*, but has in fact fallen upon those from whom the profits were made—from the whole people—the consumers of imports and the producers of exports. It is certainly good morals and exact justice that the fund created *to meet losses* should be *distributed for the benefit of those who sustained the losses*. If in the act of 1874 a mistake was made in this respect, it is now too late to remedy it.

But it is not correct to say that in all cases the same rule should be applied to private citizens that should be applied to underwriters, whether citizens or corporations. Underwriters, whether citizens or corporations, exercise a *public function* which concerns the whole people. Corporations owe their creation to legislation; they exercise such powers as the law authorizes; they are subject to legislative regulation, and they are *entitled to such rights as the law has already given*. Their claim to powers and to rights are alike to be *strictly construed*. The *law has given them no right to any part of this fund*, as has been abundantly shown, and if we now give it to them we thrust upon them a gratuity to which they have no right in law or equity and no just claim in conscience or good morals.

And now, as compared with the demands of the underwriters, what are the equities of the whole people to have the residue of this fund "covered into the Treasury" for their common benefit?

During the war American ship-owners and merchants chose to carry on commerce with foreign nations. The advantage of sailing under the American flag was, besides others, that our ships escaped *tonnage-duties* which were required of foreign bottoms, (Revised Statutes, § 4219.) This was a vast advantage. It is to be presumed, and the fact undoubtedly is, that the carrying trade and the commerce as a whole were profitable to ship-owners and to merchants. But, whether it was or not, they chose voluntarily to embark in the business and to run the risk. The Government never undertook to guarantee success or profits in this business nor in any other in which our citizens were engaged. Ship-owners and merchants knew the dangers of the war and they took its risks. They generally indemnified themselves from loss by insurance against war risks, for which they paid war premiums.

For all the risks ship-owners charged such freights, and merchants, exporters, and importers added such percentage to the cost of commodities as paid for all and gave a profit besides. Ship-owners lost ships; exporters and importers lost goods by the wrongful acts of confederate cruisers, but they were as a class, and as a general rule, made whole with profits added by the rates and prices charged on other transactions. They were generally saved from particular losses by insurance, or, if not, it was because they chose to save the cost of insurance in the prospect of enlarging their gains. The war risks and war losses fell on the producers of exports and the consumers of imports. They alone were the losers by the war. Because of this a demand was made upon Great Britain in the name of the United States and for the national loss. The demand was sustained in this character, as compensation for the loss, and in terms which exclude all legal demand of individual claimants. Congress has very liberally and justly paid from the fund all individual and corporate claimants who suffered loss on account of any wrong for which indemnity was given by Great Britain.

The unappropriated residue of the fund should be covered into the Treasury for the following reasons:

1. It was "indemnity paid by Great Britain to the United States" as a nation, and for a national loss, and is therefore *in law* the property of the nation.

2. The whole people having suffered the loss growing out of the wrongs of Great Britain for which the indemnity was paid, the whole people may *in justice* as well as law demand that the indemnity be now covered into the Treasury as part compensation for their losses.

3. None of the claimants under the bill have any *legal* right to any part of the fund.

4. None of them have any right arising from loss resulting from the wrong of Great Britain for which the fund was paid as reparation.

I now proceed to notice another class of claims provided for in this bill. It proposes to re-imburse citizens who paid "premiums for war risks * * * after the sailing of any confederate cruiser."

These parties have no claim in law or justice on any part of the fund. I will simply state, rather than argue, the reasons which seem to me conclusive on this subject. They should not be re-imbursed—

1. Because the Geneva tribunal of arbitration decided in accordance with international law that "these claims do not constitute upon principles of international law * * * good foundation for an award of compensation." Here is an adjudication against the claimants by the highest competent tribunal. The question is *res adiudicata*. The claimants are supported by no law.

2. The claimants *sustained no loss*. The war premiums they paid, like other expenses of prosecuting business during the war, attached to commodities produced or consumed by the people on whom the whole burden ultimately fell.

3. If the claimants had sustained loss, they are in no better condition to indemnity out of this fund than any other class of citizens who in consequence of the war suffered loss in business from the public enemy. It is a rule of public law that all residents of a country take the chances of war. The Government is not liable for damages done by or growing out of the acts of the enemy.—*House Report* No. 134, second session, Forty-third Congress, page 266.

The report of the majority of the committee says as to these "war premiums:"

It is alleged that in some instances the premium was also insured, and that some benefit was received by this class of persons by the non-payment of the tonnage duty required from persons sailing under foreign flags. If the Congress conclude that these war premiums should be paid, it can provide for the proper deductions, so that the actual loss only shall be received by the claimant.

But the bill ignores even this, and proposes to make *double payment*, and that, too, without deductions in consequence of exemption from *tonnage duties*.

As to this class of claims it is urged that the Government *abandoned* them in *consideration* of the "*three rules*" of international law agreed upon in the treaty. The report of the majority of the Judiciary Committee submits its proof as follows:

The treaty of Washington also contained, as before suggested, international rules regarded by the United States as far more valuable than any pecuniary remuneration.

This further appears by the fact that in the interval between the Clarendon-Johnson treaty and the treaty of Washington the President recommended to the Congress the taking of proof as to the ownership of the claims against Great Britain, and their settlement by this Government with the view of vesting the ownership of the private claims in the United States.—*President's message*, December 5, 1870.

The Earl of Granville, writing to the American minister under date of March 20, 1872, states in regard to the concessions of the treaty of Washington:

"Nor can it have been expected by the Government of the United States that concessions of this importance would have been made by this country if the United States was still to be at liberty to insist upon all the extreme demands which they had at any time suggested or brought forward." (Volume 2 of Papers relating to Treaty of Washington, page 438.)

The American minister, page 516, says:

"I think the principle declared in this article (the fifth) for future observance between the two nations is one which, if settled and maintained, must be of inestimable advantage to the United States."

The Secretary of State, in writing of these "indirect claims," page 476, says:

"The United States now desire no pecuniary award on their account. * * * In the correspondence I have gone as far as prudence would allow in intimating * * * that we should be content with an award that a state is not liable in pecuniary damages for the indirect results of a failure to observe its neutral obligations. * * * This Government expects to be in the future, as it has been in the past, a neutral much more of the time than a belligerent."

In regard to the withdrawal of the claim for indirect losses (page 526 of such papers) the following appears:

"In consideration thereof the President of the United States, by and with the advice and consent of the Senate thereof, consents that he will make no claim on the part of the United States in respect of indirect losses as aforesaid before the tribunal of arbitration at Geneva."

At page 532 the British minister writes—

"That the Senate considered that the adoption of the wider principle with regard to indirect claims would be an equivalent for the consent given by the President that he would make no claim for indirect losses before the tribunal of arbitration at Geneva."

It is stated by the Secretary of State (page 533) that the President, to preserve such a treaty, "has been willing to make large concessions."

The American minister writes (page 560) to the Earl of Granville:

"I am now authorized * * * to say that the Government of the United States regards the new rule * * * *as the consideration for and to be accepted as a final settlement of the three classes of the indirect claims put forth in the case of the United States.*"

The Secretary of State (page 579) says:

"This is an attainment of an end which this Government had in view in the putting forth of those claims. We had no desire for a pecuniary reward, but desired an expression by the tribunal as to the liability of a neutral for claims of that character."

The counsel of the United States (page 223, volume 3) state—

"That the United States did not insist on extravagant damages; their object was a higher one, and one more important to them."

The learned counsel (page 224) say:

"We * * * have acted accordingly * * * regarding a mere question of the amount of *national* damages to be awarded as secondary to the higher consideration of the welfare and the honor of the United States."

I have read this extended extract from the report to give the whole argument and the proofs. But if the proof were conclusive, as it is not, will it follow that the Government should pay these claims?

These claims for indirect damage were excluded by the law as laid down in the treaty. The wisdom and justice of the law are not controverted. The law is good law as to these claims under the particular circumstances, and good at all times and under all circumstances.

In securing this declaration of law, the United States performed a duty. The performance of a duty cannot be urged as a reason for charging the Government with liability in damages. A right to damages can only arise from a *wrong*.

And besides, the arbitrators decided, and correctly, that independently of the treaty these claimants were entitled to no compensation from Great Britain, and consequently they have no claim on the fund awarded to our Government.

The rejection of the claims for indirect damages resulted from no "*new rule*" of law. The American minister in so characterizing it did not speak with accuracy. It was an old rule.

When he referred to it "as the consideration for * * * the three classes of indirect claims" he evidently meant only that the plain enunciation of this old rule by a new declaration of it put an end to this class of claims either by our Government or by claimants. The idea simply was, not that the Government had bartered away any valid claim of any citizen or surrendered any real right, but that the declaration of the rule, while it cut off these claims, was worth more to our nation and our citizens than the payment of the indirect damages would have been.

If this Government had secured the payment of the indirect damages it would have "gained a great loss"—the loss to result from a bad rule of law.

The declaration of the rule of law, then, was not in fact a "consideration" for the surrender of claims. This Government "*surrendered*" nothing. It submitted the claims to the proper court, which decided them invalid.

The law which the court announced was not a consideration for the claims, but it was a *consolation* that, though our citizens did not recover or the nation for them, yet our citizens obtained a much more valuable consideration.

There is no ground, then, on which these claimants are entitled to any part of the Alabama fund or to any compensation from the Government.

It might as well be said the Government would be liable for damages if Congress made a new law or declared an old one as in force, which defeated unfounded claims set up against it.

It only remains to consider the question whether those who suffered losses from the *exculpated* cruisers have any claim on this fund or occupy a position in which any portion of it can properly be given to them.

The report of the majority of the Judiciary Committee says as to this class of claimants:

The United States, as successors to the confederacy, became entitled to its war cruisers. The Shenandoah was taken and sold by this Government in Great Britain. (Alabama Claims Correspondence, volume 3, pages 319-447;) which seizure prevented, as has been shown to your committee, the owner of one of the ships destroyed by the Shenandoah before it entered Melbourne from bringing his libel in a British court.

In the view of your committee, the most direct loss is that sustained by the persons who had vessels destroyed on the high seas by the cruisers exculpated by the tribunal of arbitration, as not falling within its view of the three rules of international law established by the treaty of Washington, and by other confederate cruisers during the period of the rebellion.

This refers to the ship Delphine, of Bangor, destroyed by the Shenandoah after Melbourne, December 29, 1864.

After the war the Shenandoah returned to England, was surrendered to the British authorities on the 6th of November, 1865, and they about the 12th of November turned her over as confederate property to Mr. Adams, our minister at the court of St. James.

Upon the suppression of the rebellion, by a well-known rule of public law, the United States as conquerors became the owner of the Shenandoah. The committee do not pretend that the British government, in the Geneva award or otherwise, paid any money to the United States for the destruction of the Delphine or any other vessel destroyed by any exculpated cruiser. On the contrary, the Geneva tribunal decided that Great Britain was in no fault, and so not liable for any act of the exculpated cruisers.

The report of the committee puts the liability of this Government on the ground that its sale of the Shenandoah "prevented" the owner of the Delphine "from bringing his libel in a British court."

If this created a claim in favor of the owner against the Government, his right of action would arise in the nature of an *action on the case*, and would exist independently of the fund. No claim to the *fund* can be predicated on this.

Yet a majority of the committee on this ground propose to compensate not only the *one* claimant alleging this reason for relief, but all others who have no such reason. The assumed merit of his claim is to draw after it all others without such merit.

But the merit is assumed only; it does not exist.

Why should the Government be held liable for the loss of the Delphine? It has again and again been proved that this Government is not liable to our citizens for wrongs done them by the public enemy in war, and no man disputes it. The Government is not liable, then, by reason of the wrong of the Shenandoah.

It is a universal rule of law that when the Government does only what is lawful in the pursuit of its legitimate and appropriate business, it cannot be held responsible in damages. The right to damages is predicated of a wrong by the party liable.

The Government in accepting and selling the Shenandoah performed a duty. The law of nations vested the title of the Shenandoah in the United States. In accepting and selling the Government performed a lawful duty in a lawful mode.

If for this the Government is to respond in damages by the solemn decision of the legislative power of the nation, it will be the first time in the world's history that the performance of an admitted duty has been deemed a reason for punishment.

But if the owner of the Delphine had a right to institute a libel, he failed to do so not from any wrong of the Government.

He could maintain no libel after the surrender of the Shenandoah, and prior to that she was not within his reach. He had no remedy, therefore, with which the Government interfered.

But it is urged again in support of this class of claims that the Johnson-Clarendon treaty comprehended as a ground for damages in favor of citizens of the United States the hasty recognition by the Queen's proclamation of confederate belligerency; that this, if insisted on, would have decreed the payment of this class of claims, (Johnson to Seward, Message and Documents Department of State, part 1, page 411, for 1868-'69; Papers Relating to Alabama Question, volume 3, page 205;) that in the treaty of Washington the United States abandoned this claim, (Papers, &c., volume 3, page 106, 203-205; Report House Judiciary Committee, Forty-third Congress, page 7;) and *in consideration of this abandonment*, the Government received in the treaty an *apology* from Great Britain *and three rules of international law*, neither of which were in the rejected Johnson-Clarendon treaty, (Papers, &c., volume 3, page 205; House Judiciary Committee Report, Forty-third Congress, page 7.)

In the treaty Great Britain did "express regret for the escape of the Alabama and other vessels from British ports and for the depredations."

The treaty provided that the arbitrators in deciding the matters submitted to them should be governed by "three rules," which were agreed to be applicable to the case. These rules were:

A neutral government is bound—

First. To use diligence to prevent the fitting out, arming, or equipping within its jurisdiction of any vessel which it has reasonable ground to believe is intended to cruise or to carry on war against a power with which it is at peace; and also to use like diligence to prevent the departure from its jurisdiction of any vessel intended to cruise or carry on war as above, such vessel having been specially adapted, in whole or in part, within such jurisdiction, to warlike use.

Secondly, not to permit or suffer either belligerent to make use of its ports or waters as the base of naval operations against the other or for the purpose of the renewal or augmentation of military supplies of arms or the recruitment of men.

Thirdly, to exercise due diligence in its own ports and waters and, as to all persons within its jurisdiction to prevent any violation of the foregoing obligations and duties.

After the treaty had been agreed upon the Secretary of State, in his letter of April 23, 1872, to General Schenck, in relation to our claim for *indirect* damages, said:

In the correspondence I have gone as far as prudence would allow in intimating that we neither desired nor *expected* any pecuniary award, and that we should be content with an award *that a State is not liable in pecuniary damages for the indirect results of a failure to observe its neutral obligations.* This Government expects to be in the future as it has been in the past, a neutral much more of the time than a belligerent.

The Geneva tribunal decided that this was the rule of international law on the subject.

The three rules were also rules of international law. They were law prior to and independently of the treaty. The treaty in this respect was only *declaratory* of what was always law. Both parties agreed it was the law applicable to the case. The *consideration* for so declaring it was the *mutual advantage* to result to both parties in the arbitration, and to all nations for all time, of having correct law founded on the eternal principles of right and sound policy well defined and understood.

There is no evidence that our Government *bartered* any right of these claimants for this declaration of law or for the apology.

There is no evidence that our Government bartered away any *duty* it owed to these claimants.

The Government did not urge a claim for damages based on the hasty recognition by Great Britain of confederate belligerency, because the Senate had rejected the Johnson-Clarendon treaty which set up such a claim, or, to speak precisely, *did not exclude it.* The Government did not press this claim, because it did not regard it as based on sound law. It is to be presumed the Government did its whole duty.

The arbitrators rejected the claim for pursuing confederate cruisers, and for the same and still other and stronger reasons must have rejected the remotely consequential damages for hasty recognition of belligerency. It is alleged that the claim for damages based on this hasty recognition was withheld by the Government "for its own interest," (House of Representatives Judiciary Committee, Forty-third Congress, page 7,) and that hence these claimants lost indemnity.

This is a *non sequitur*.

If the claim had been pressed it would have been unavailing.

If it had been a proper claim to make no damages could have been awarded because of any loss of these claimants, for their losses were so long after the recognition that they resulted from the *full-grown war* and not from the prior recognition. The *proximate* cause of loss is the only ground of relief in any case, not the *remote*. But what is meant by saying that the Government omitted to press this claim "for its own interest?"

If "for its own interest," which is the *salus populi suprema lex*, it omitted to press a claim which neither law, justice, nor policy sanctioned, and which would have been injurious to us as a law precedent hereafter, then it *performed a duty*.

We may hereafter desire to recognize the belligerency of Ireland, of Canada, or Cuba, and we may not afford to say the nation shall be called to account for so doing. We cannot afford to make precedents which "may return to plague the inventors."

No citizen can complain of the Government for asserting such principles of law, and so managing its international disputes as will be "for its own interest," and certainly not, if in so doing it asserts sound law and manages its controversies right.

Will it be said the Government should not act "for its own interest," but should imperil its interests and the peace of the world in future in order to secure insignificant claims for money by asserting law unworthy of "the dignitaries who preside on the township bench?"

To conclude, these claimants should not be re-imbursed, because—

1. The Geneva tribunal decided that on principles of well-settled law and justice Great Britain was not liable for this class of damages.

2. The Geneva award having given this fund for *other damages*, it would be a perversion of it to give any portion of it to those claimants who have been solemnly adjudged not entitled to any compensation.

3. These claimants are in no better condition to ask indemnity out of this fund than any other class of citizens who in consequence of the war suffered loss in business from the public enemy.

In view of all that I have said, I believe the Alabama fund, so far as not exhausted in paying judgments under the act of June 23, 1874, and the supplemental act, should be covered into the Treasury for the common benefit of all the people.

The Congress of 1874, in the fifteenth section of the act to which I have referred, declared that—

> When all such payments shall have been made, any such bonds remaining—in which the fund was invested—shall also be canceled and extinguished.

Let us now re-affirm that policy, and do justice to the whole people and wrong to none.

FINANCES.

Mr. PIPER. Mr. Chairman, for the last fifteen years the currency problem has been a fruitful subject of speculation among politicians and political economists. Nominating conventions, national, State, or county, have scarcely met when this question would spring up, and the opinions expressed thereon and the plans of inflation or contraction advocated have been as varied as the faces of the members. The legislator, therefore, who sets himself earnestly to work to discover a remedy for our multifarious financial complaints runs a great risk of becoming a mere theorist, or even of ending his days in a lunatic asylum, through the perplexities arising from the study of these conflicting and confusing dogmas. If the legislator really desires to receive correct answers to these complex financial questions, he had better, like the great lawgiver of antiquity, go up into a mountain apart, not for forty days but for forty years, and, should he come down with a direct revelation from on high, he might find the people worshiping not a golden calf, but more likely a paper idol.

Having had the good fortune, since arriving at man's estate, of living in a community where the circulating medium is real money, it may be said with apparent justice that I can have no correct knowledge of the advantages of money turned out from a printing-press—of money which has no value except that given to it by legislative enactment; I hope, therefore, that my fellow-members and those who may take the trouble to read my views will consider my inexperience and treat me with charity.

It is somewhat ungracious I admit to criticise severely the delusions of others, when under like circumstances we ourselves would probably have fallen into the very same mistakes—for no one can deny that the party in power has made great mistakes on the currency question, having established and still keeping up an unwise and blundering, if not practically dishonest, system of finance. But we should not look into the past except to profit by its lessons in the future, as no good can arise from crimination or recrimination. As wise legislators, without making this a party question or a party issue, we should use all our endeavors to find, if possible, a remedy for the money embarrassments from which we are suffering at the present time; for one of the greatest evils that can befall a country is undoubtedly the curse of an irredeemable paper currency—a very Pandora's box, from which in our case even delusive Hope seems to have escaped, since, according to some predictions, we shall never again resume specie payments.

The precious metals have formed the standard of value from the earliest times and I presume always will, and the great problem of the present day is to ascertain the best method of returning to this standard, nine-tenths of the people of this country earnestly desiring this consummation if it can be accomplished without too great a financial convulsion and too violent a disruption of business relations. Gold and silver are endowed with properties which especially fit them for a circulating medium. The supply, while comparatively limited, is also remarkably steady, and the effect of an increase or diminution of production can be calculated with much more certainty than that of any other commodity. From these peculiarities gold and silver are especially valuable as a universal standard of prices, and by the general consent of mankind, from the remotest antiquity, they have been adopted as the common medium of exchange. This proposition, if necessary, might be supported by illustrations taken from the works of a long series of writers on political economy, commerce, and finance, and by the unconscious testimony of the sacred and profane classics, and of poets and historians of every age. We are met here, however, by a class of theorists who deny that the precious metals are the best and the only true universal standards of value. These Utopian philosophers, having revived doctrines on the subject of money long since refuted by argument and exploded by experience, now present them to the American people with all the airs of original discoverers, and attempt to crush their antagonists with sarcasm and with quotations from the Bible and the old dramatists, from doggrel political squibs and sensational advertisements of quack medicines. Amusing hits at hard-money men are carefully studied out and darted upon them with painful and elaborate precision, but with so ill-concealed an effort, that the veriest tyro can detect the smell of the lamp.

Who can refute a sneer or a witticism? The great master of the art of logic has laid down no rule for answering the argument of a laugh, which in a serious discussion almost amounts to a confession of defeat. The intricate problems of finance discussed by the United States Treasury officers in their reports are not solved by ridicule. When the Comptroller of the Currency endeavors to reconcile principles based on long experience and sound judgment with the imperious demands of ignorant party leaders or the after-dinner theories of a vacillating third-term sphinx, he is not answered by allusions to the "Vicar of Bray" and "Demetrius the silversmith." The Director of the Mint, through a competent and conscientious geologist and chemist, has ascertained that the silver lodes of Nevada are not "pocket mines," and his report, which has removed a black stain from the American character, should not be put in the class of glowing advertisements of patent medicines. The policy of the purchase of silver bullion by Government demands a more serious illustration than the utterly senseless one of the acquisition of a useless door-plate. The prominent participation of a United States embassador with a speculative mining company of doubtful origin has excited serious comment on the low sense of propriety and honor exhibited by high officials, and such a subject deserves graver illustration than a rehash of old jokes, or the sarcasm that if silver continues to depreciate, private manufactories of coin will be established all over the country, especially in the neighborhood of the "Big Bonanza"—a singularly inaccurate statement, since the coinage act of 1873, under the penalty of $1,000 fine and three years' imprisonment, prohibits the making by private individuals of any coin in the resemblance or similitude of the minor coinage.

Again, the truth of any principle or law of finance or trade is not affected by proving that the advocate of any particular line of policy has arrived at incorrect conclusions through the hasty generalization of an insufficient number of separate facts. The hard-money men, under the opprobrious epithets of dogmatists, theorists, and college lecturers, are with apparent triumph referred to Chevalier's essay on the "Probable Fall of Gold," and it is asserted that his plan to establish in France an exclusively silver coinage has failed through the depreciation of that metal in comparison with gold. The inflationists, however, very carefully abstain from quoting Chevalier's arguments or the modifications of his plan which might be rendered necessary in case of an increased production of silver. They content themselves with sneering at the elaborate expositions of the distinguished French political economist, and suppose that he is refuted by the brief comment, "Pretty standards are these commodities which dance so gay a dance in change of value." With what boldness is the ignorance of this House presumed upon when a statement so widely at variance with fact is insinuated rather than asserted! The value of a troy ounce of English standard silver was 59¼ pence, or 121 cents, in 1849, and in 1874 it had fallen to 58 5/16 pence, or 118 cents—a decline of less than 2½ per cent in 25 years. And this small variation in value is spoken of as if silver danced up and down the scale like the mercury in a thermometer tube when breathed upon by a playful schoolboy. Wonderful forgetfulness of the change of value of the paper standard when our paper currency during four years danced up and down as violently as a Mohammedan dervish, and on July 11, 1864, fell as low as 38 cents on the dollar in consequence of an ill-advised attempt to prevent its depreciation as compared with gold.

Silver, it is true, has very recently fallen as low as 52½ pence; but this decline is exceptional and has been caused by the disturbance in the money market created by the payment of the French war indemnity of $963,000,000 and the subsequent attempt of Germany to relieve herself from a flood of depreciated silver coins by changing the metallic standard of value to gold. But this fall had been anticipated since the close of 1872, and could easily be predicted, since Germany during the last three years has been steadily selling silver and buying gold besides making extensive modifications in her paper currency.

But even admitting that Chevalier was manifestly wrong in his predictions, I contend that the bullionists of the present day with a more enlarged experience are not responsible for the errors in his calculations or the mistakes in his theory. A theory is merely useful as a mode of collecting and classifying facts, and the generalized principle derived therefrom may be partially or totally incorrect and yet the observed facts may still remain true. The motions of the planets were calculated with wonderful accuracy under the decidedly erroneous hypothesis that the earth was the center of the cosmical system, and even the correct Newtonian theory was not at first entirely satisfactory, because it did not explain all the phenomena of the motions of the heavenly bodies. In the same way Chevalier's theory in regard to a metallic standard has required modifications, and that eminent political economist, while correctly contending that the increased production of gold would alter its relative value as compared with silver, did not take sufficiently into account the probability that the search for other sources of supply of the less precious metal would be stimulated. He did not estimate at its full extent a wonderful power existing everywhere in nature, to wit—the conservation of an equilibrium of forces. A striking illustration of this principle has occurred within our own experience. The leaders of the southern confederacy placed their dependence upon King Cotton as a power sufficiently strong to compel the recognition of their new government and to disturb the commercial relations between the North and Europe. And yet how mistaken were they in their calculations. Fresh supplies of cotton were furnished by Egypt and India, and the balance of trade was maintained by the shipment of a totally-unanticipated product, coal-oil.

I shall now turn my attention to the theory recently advanced in this House, that "money is a national institution, depending upon the decrees of government, and that this is equally true whether it be of gold, of silver, or of paper." And here let me refer to the "Speeches of Sir Robert Peel" for that eminent statesman's elaborate exposition of the currency question in the debates in the House of Commons in 1844, on the Bank of England charter act; and if, after a careful study of this valuable and exhaustive treatise, the friends of paper money as a national institution are not converted from the error of their ways their sins will only be forgiven on the ground of invincible ignorance.

Among the various sophistical definitions of the standard of value condemned by Peel will be found the following: "The standard of value is neither gold nor silver, but it is something set up in the imagination to be regulated by public opinion." And this definition corresponds very nearly with one of the financial heresies recently advocated in this House. On the other hand, I hold that, according to practice, according to law, according to the ancient monetary policy of this country, a promise to pay a dollar means an express engagement to pay a certain definite quantity of gold or silver with a mark upon it to determine its weight and fineness, and can mean nothing else.

The doctrine that a promise to pay a dollar is satisfied by the delivery of a piece of paper bearing a renewed promise to pay another dollar "when convenient," or, as one may say, "next day after never," would be considered by every one as sheer nonsense; and yet it is not a particle more absurd than the proposition that Congress can direct that a slip of paper bearing the legend "This is a dollar" shall be received as a full acquittance of the obligation. Common sense repudiates such a proposition, and it need only be stated or applied to other ordinary transactions of life to be rejected as visionary. The illustrations of its absurdity are numerous, and the ridiculous results of its practical application are obvious to the meanest capacity. And yet the "baggage-check" illustration is gravely propounded as a solution of our present financial difficulties.

I am yet to learn that a common carrier, no matter how high his credit may be, will hold himself responsible for a trunk "containing tens of thousands of dollars" without a special written contract, or that a traveler without other evidence of property than a baggage-check alone can recover the value of his trunk even to the extent of $100, the limitation placed by the common carrier on his liability. But the illustration does not present a parallel case. According to our modern theorists the promise to deliver the trunk, as implied by the check, would be satisfied by the delivery of another circle of brass covered with letters and numbers, and so on indefinitely, while the unfortunate traveler in the search after his clothes would at last be reduced to the condition of Adam and Eve before the fall. Such arguments and such illustrations are very nearly akin to the theory of "Micawber" or the first republican candidate for President, who actually believed he had paid his old debts by signing new promissory notes which he never intended to pay.

The advocates of an inconvertible currency contend that "standards are fixed, do not fluctuate, are not given to vicissitudes, and do not vary," and that the precious metals, as they do not rigidly fulfill these conditions in every respect, should on that account be rejected and an entirely arbitrary measure of value should be adopted. This notion as to the absolute invariability of a standard is a mistaken one. No man at all acquainted with the history of gold and silver and with the effect of new sources of supply could be so foolish as to assert that the precious metals constitute an absolutely invariable standard of value. The only requisites are that the standard shall not be liable to violent and sudden changes, and that something must actually exist in nature with which it can be compared. Hence the advocates of paper money do not by any means prove their position by showing that gold and silver have fallen within the last three hundred years. These facts are not denied, and time is wasted in proving them. But it has never been proved that gold and silver have become absolutely worthless like inconvertible paper money which rests on an ideal basis.

This Government has always recognized for its units something that exists in nature and something that can be replaced in case of the total destruction of the standards. It has enacted that the dollar shall be one seven-millionth part of 23,220 avoirdupois pounds of pure gold; that the avoirdupois pound shall be equal to the weight of 27.72738 cubic inches of water, and that the inch shall be the thirty-ninth part of a pendulum beating seconds at London. All these units can be ascertained by mechanical means, while new measures would only depend upon a different subdivision of these standards or on the arbitrary will of a body of men changing every two years. Congress has no more power to alter these generally accepted standards than it has to alter the ratio of the diameter of a circle to its circumference. Both attempts would be equally futile.

There is, then, no real standard of value but gold and silver, and the pressing question before us is, how shall we return to that standard? The republicans of Ohio and the democrats of Pennsylvania, in State convention, have both recently adopted resolutions declaring that gold and silver are the only true basis for the currency of the Republic, and that Congress should take such steps for the resumption of specie payments as will most surely reach that result without destroying the business interests of the people. What those steps ought to be I shall now endeavor to show by a practical application of the principles acted upon by the governments of other great commerical countries.

The immense issues of irredeemable bank and State notes during the twenty-five years of war succeeding the outbreak of the French revolution had reduced the finances of the nations of Europe to a deplorable condition, and after a long series of commercial disasters, an attempt was made in Great Britain in 1844 under the lead of Sir Robert Peel to remedy the evils of a depreciated currency. Other nations adopted his plan and followed his guidance—some very closely and others remotely. Great Britain alone, by strenuously resisting the war mania, and by keeping her expenses within her receipts, succeeded in regaining her former prosperity. And the other nations, so long as they rigorously pursued the financial policy of Great Britain, gave signs of returning health. But foreign and domestic wars broke out, and in the attempt to pursue hostilities and crush insurrection, a mighty volume of irredeemable paper currency was issued and the result was national bankruptcy, only relieved for the time by national repudiation and dishonor. The remedy proposed by Sir Robert Peel in 1844 was to maintain a certain definite proportion between the issues of paper and the metallic resources of the Bank of England, (the agent of the government,) and of the joint-stock and private banks.

This policy is to allow a certain fixed issue of notes covered by securities and commercial paper, and to require that every note above that fixed issue shall be covered by gold in equal amount. Under this system the circulation of the United Kingdom for the month ending December 25, 1875, was as follows: Fixed issues, £30,564,750 sterling; actual circulation, £46,121,460 sterling. The metallic reserve for the same period was: Bullion in the Bank of England, £23,051,862; specie in the Scotch and Irish banks, £8,108,162; making a total of £31,161,024, or 67.6 per cent. of the circulation. The Bank of England alone, with a fixed circulation of £15,000,000, had a paper circulation of £27,164,751, with a bullion reserve of £23,051,862, or nearly 85 per cent. These figures speak for themselves and need no comment.

We next come to Germany; and it will be sufficient to state that the Imperial Bank, which, January 1, 1876, replaced the Bank of Prussia and fifteen German private banks, had, according to the latest returns, a circulation of 735,700,000 marks, covered by metal amounting to 438,000,000 marks, or 59½ per cent. By the imperial bank act, the margin between the note circulation and the bullion must not exceed 250,000,000 marks; but the figures just quoted show a margin of 297,700,000, and the excess of 47,700,000 marks is taxable at the rate of 5 per cent. per annum; this method having been adopted to regulate the paper currency.

France at present, owing to the disasters of 1870, is a non-specie paying country; but the returns for the Bank of France and its branches, the only banks of issue in France, show that January 28, 1875, the circulation amounted to 2,641,081,935 francs and the metallic reserve to 1,354,000,000 francs, or over 51 per cent., the maximum of circulation permitted by the law of July 15, 1872, being 3,200,000,000 francs. The council-general of the bank is endeavoring to withdraw from circulation the notes for five and for twenty francs, (there are no ten-franc notes issued,) and to replace them with gold and silver coins, so as to compensate exactly for the diminution of "fiduciary money" by the increase of "metallic money."

Austria, after a long career of almost hopeless bankruptcy, has finally recovered herself partially, and from the returns of the Austrian national bank of the business of 1875 it appears that the circulation during that year amounted to 286,242,333 gulden, covered by 134,416,894 gulden in metal, the notes on the average for the whole year being covered by 47 per cent. of metal.

Russia also has passed through a condition of insolvency, and in 1860 an Imperial Bank was established. On December 31, 1870, there were in circulation 716,000,000 rubles of state notes, against which there was a metallic reserve in bank of 150,000,000 rubles, or nearly 20 per cent. The notes, however, were at a discount of 20 per cent. as compared with silver. No man, it is said, has a right to go to the treasury and ask for gold or silver for his notes, and the coin in circulation is copper.

The next illustration is Brazil, a country which enjoys the blessing of an irredeemable paper currency, where the money is a purely national institution depending on the decrees of government. The "mark weight" of standard gold or silver has year after year been divided into a greater number of reis, and the paper milreis which was worth 60 pence in 1821 is through gradual depreciation worth now only 27 pence at par. The gold "half joe," which in 1821 was valued at 6,400 reis, was by law in 1833 raised to 10,000 reis, and with singular inconsistency the figures 6,400 still appear on the coin. Brazil is famous as a gold-producing country, but the yield of the mines is exported uncoined. Small ingots of gold formed from the dust washed from the auriferous sands are assayed at the mint, but are not allowed to be exported. The coinage is very small, only averaging $60,000 per annum forty years ago and the amount now is still less. The government paper currency in circulation May 24, 1875, amounted to 168,744,299 milreis or $92,809,694, and the notes of the Brazilian bank amounted to about $18,000,000 more, all irredeemable in fact; and yet the United States minister at Rio, believing that the standard of value is created by government decree, gravely announces the issue of more paper as the panacea for the financial crisis.

As a last illustration of the value of a fictitious standard I shall cite the Turkish piastre, which, from being worth 60 cents in 1764, has been gradually debased until the value is not over 4½ cents. But I shall not linger upon the subject; for in consequence of the rapid depreciation of the currency the coinage presents an intricate study, and one scarcely worth the pains except to a Turk.

The history of the finances in all these countries presents examples to be imitated as well as those to be avoided, but the mutations of the currency in Austria particularly afford the most useful lessons in regard to the necessity of maintaining a fixed proportion between the paper circulation and the metallic reserve. Time fails me to give the full particulars, but it is sufficient to state that in 1811 the outstanding irredeemable notes amounted to 1,060,793,653 florins, worth only from one-eighth to one-twelfth of their face value. By an imperial decree this paper was redeemed at the rate of five dollars for one in new redemption notes called "Vienna-value paper money." The circulation was thus reduced to 212,158,731 florins; but by 1816 the paper money had again increased immensely, reaching 678,692,838 florins. This was reduced to two-fifths of its nominal value, or 271,477,135 florins. The state had thus made two bankruptcies in five years, and the actual reduction in that time on the old notes was from 100 to 8. The subsequent financial history of Austria is full of remarkable crises caused by the immense floods of paper money poured upon the country at the time of the insurrection of 1848, the Italian war of 1859, and the war with Prussia in 1866.

We ourselves have passed through similar crises during the last fifteen years, and their lessons should not be forgotten.

From these illustrations it has been proved that a paper circulation must be covered by a certain percentage of specie, and that unless this proportion be maintained the currency, although accredited by Government, will rapidly depreciate. As long ago as 1838 Daniel Webster laid it down as an unquestionable truth that no paper could be made equal and kept equal to gold and silver but such as is convertible into gold and silver on demand. And to check the excessive issue of paper, he held that a fixed proportion must be maintained between specie and circulation.

I shall now turn my attention to the financial condition of this country. On November 1, 1875, the outstanding circulation was as follows:

National-bank notes		$345,586,902
Notes of national gold banks		2,630,000
		348,216,902
Legal-tenders	$373,236,244	
Fractional currency	40,681,629	
Old demand notes	69,707	
		413,987,580
		762,204,482

The United States bonds held November 1, 1875, to secure the redemption of circulating notes amounted to—

Bonds.	Principal.	Interest.
5 per cent. bonds	$239,046,200	*$11,952,310
6 per cent. bonds	115,688,700	*6,941,322
Pacific Railroad 6 per cent. bonds	12,814,512	†768,871
Total	367,549,412	19,662,503

*Gold. †Currency.

The national banks therefore received during the year ending November 1, 1875, the sum of $18,893,632 in gold and $768,871 in currency as interest on the bonds deposited to secure their note issues.

On October 1, 1875, the specie and legal representatives of specie in the national banks amounted to $8,050,330, divided as follows: United States coin certificates, $4,485,760; coin, $3,364,570, and coin checks, $200,000. The amount of specie, however, was unusually small, being below the average.

After comparing these statistics with the amount of paper currency afloat in the specie-paying countries of Europe, the irresistible conclusion must be arrived at that it is impossible for so vast an amount as seven hundred and sixty millions of intrinsically worthless money, so called, to circulate among a nation of forty millions of people and preserve its gold value. In fact, it is astonishing that our paper circulation has maintained itself so well. Its rapid depreciation has been prevented by reason of the vast resources of the nation and the firm faith of the people in the honesty and stability of the Government.

The remedy for the existing state of financial depression cannot easily be discovered or applied. It has been shown that the lowest metallic reserve or guarantee of notes in any specie-paying country is 59 per cent., and that France, with a specie guarantee of 51 per cent., has not yet attempted to resume. The council-general, or board of directors, of the Bank of France recommends a contraction of the paper issues by the withdrawal of the five-franc and the twenty-franc notes, and by the substitution of specie in their place. The very able financiers of that republic are therefore carrying out a system of contraction before resumption is attempted.

In considering the financial condition of this country, therefore, the important datum to be ascertained is the ratio which the metallic guarantee bears to the circulation. And we here are met with the astonishing fact that, no matter how large the amount of coin and bullion held by the national banks and by the United States Treasury may be, yet not a single dollar of real, substantial money is pledged for the redemption of the paper circulation.

As security for the payment of the notes of the national banks these corporations deposit with the United States Treasurer United States bonds whose market value must exceed the circulation by one-ninth of the issue, and they must also deposit in lawful money 5 per cent. of the circulation for the redemption of the mutilated notes, and must also keep constantly on hand from 15 to 25 per cent. of their deposits. All reports of the condition of the banks must therefore have reference chiefly to their ability to meet the demands of the depositors; but even these reports are unsatisfactory since it is simply impossible to obtain an accurate comprehensive statement of the condition of the paper currency in its relation to gold on any given day. The Secretary of the Treasury does not attempt to furnish such a statement, nor can the information be compiled from the reports of his subordinates, for the tables giving the bank and treasury returns are made up to different quarter days, and sufficient discrimination in regard to the movements of the coin is not exercised. Thus, for instance, the amount of gold sold by the Secretary is not stated, but only the premium obtained, and there is no estimate as to the actual amount of coin required for the operations of the Treasury, an amount evidently much smaller than the total sums received and paid out during the entire year.

I must therefore base my argument upon data furnished by the Treasury returns of the bank and legal-tender paper in circulation, which, November 1, 1875, amounted to $759,574,482, without a cent of real metallic guarantee. This volume of paper, I believe, is far beyond our business needs, and, with the experience of other countries as to the relative proportions which must be maintained between the fiduciary and the metallic money, I am justified in asserting that the only feasible plan for returning to specie payments is to reduce the amount of notes now in circulation.

I am well aware that this suggestion will encounter great resistance from the debtor class, and that even those who agree with me as to the imperative necessity of contraction will dissent from my views as to the mode in which it can be effected. An easy and rapid way would be to reduce the paper currency to $500,000,000 either by retiring the national-bank notes or by funding the legal-tenders, or by carrying on both operations at once until the required limit is reached.

The partial substitution of "lawful money" for national-bank notes would in my judgment be a desirable mode of contraction; and by this plan the Government would save no inconsiderable sum in the payment of interest. As the true policy seems to be to retire either the bank-notes or the legal-tenders, would not a currency emanating directly from the Government be preferable to one issued through the instrumentality of banking corporations?

Of course it will be said that the Government should not engage in banking. This objection is answered by the fact that the Government has been and still is engaged in that business, and that it is the legitimate province and high prerogative of government to supply the nation with a circulating medium—whatever that medium be composed of, whether gold and silver purely or mixed issues.

Another means of contraction and resumption advocated by many is to retire the legal-tenders by funding, and also to establish a system of free banking on the security of a deposit of Government bonds. This plan has much to recommend it, as it would also relieve the Government from the cost of keeping up an immense Engraving and Printing Bureau with its very expensive and complicated machinery, and would remove a fruitful source of peculation. The most certain way out of the dilemma would probably be to organize the free banks

as specie-paying institutions with an ample reserve in metallic currency. I assume that under a system of free banks a total metallic guarantee of $300,000,000 would allow the circulation of $500,000,000 in paper—the sum probably required to supply the business wants of the commercial community. The ratio of 60 per cent. between metal and paper would be preserved, and the institutions, according to the experience of European countries, would be strong enough to pay their notes and to satisfy all the demands upon them for specie.

Either one or the other of these two plans will finally have to be adopted. The wild theories of the inflationists must be abandoned or the country will go from bad to worse. Our present system of finance must certainly contain some radical error, else our young and vigorous country with its vast resources would not have fallen into a state of decay, and our people would not have been reduced to a more distressed condition than that of the over-populated states of the Old World. The Pacific States and Territories in 1875 mined at least $75,000,000 of the precious metals, and in 1876 will doubtless yield $100,000,000 in about equal proportions of gold and silver, and the entire country is rich in everything requisite to insure prosperity and happiness; and is it not strange to see such a country groaning under want and depression?

The late civil war cost the people of the United States not less than $10,000,000,000 and five hundred thousand lives, and we are now paying $30,000,000 annually in pensions to the men who risked their lives to maintain the integrity of the Republic; and even these vast sacrifices sink into insignificance when compared with the tears, sorrows, and sufferings the war has entailed on the present generation. All this was undergone through love of country; and now, when comparatively a trifling sacrifice is necessary to return to an honest financial system, as much clamor is raised as if something terrible and hitherto unheard of was about to befall us.

Is it not strange indeed that the people who twelve years ago patiently endured so much, should now be unwilling to submit to slight inconveniences in the effort to be honest? Is not this state of affairs merely the result naturally produced by the baleful influence of an irredeemable paper currency?

THIRD-CLASS MAIL MATTER.

Mr. TOWNSEND, of Pennsylvania. Mr. Chairman, I do not intend to occupy the time or attention of the committee long, but I propose to call attention for a few moments to that branch of the postal service which has reference to third-class mail matter, and I trust that I shall be concise in what I have to say. By an act of Congress of June 8, 1872, mail matter was divided into three classes, substantially as follows:

First class: Written correspondence; practically, letters and postal cards.
Second class: Printed matter regularly sent out at stated periods from known offices of publication; practically, newspapers, magazines, and reviews mailed to regular subscribers.
Third class: Miscellaneous printed matter and other articles declared mailable by law; practically, pamphlets, occasional publications, transient newspapers and magazines, handbills, posters, unsealed circulars, prospectuses, books, manuscripts for publication, proof-sheets, revises, maps, prints, engravings, blanks, patterns, samples of merchandise, cards, envelopes, photographs, seeds, cuttings, bulbs, roots, scions, &c., all obscene publications being excluded.

There was fixed by the act of 1872 on that class of mail matter a postage rate of one cent for every two ounces, with the exception that books and samples of metals, ores, minerals, and merchandise had a double rate. By the act of 1874 that exception which I have just mentioned was taken away, and all mailable matter of the third class was put at the rate of one cent for every two ounces.

At the last session of the Forty-third Congress the question of raising the postage on third-class mail matter was mooted, but there was nothing done in either House to raise the rate; and on the last night of the last session, or rather on the last day of the session, near its close, I remember asking one of the members of the Committee on the Post-Office and Post-Roads whether or not the rate on third-class mail matter had been changed. I was informed that it had not. Several members made the same inquiry and received the same answer, and you may very well imagine the astonishment that was experienced by all a day or two after, when we discovered that the rate upon third-class mail matter had actually been doubled.

The matter came up again at the beginning of this session, and the subject was referred by the Postmaster-General to Mr. Bangs, superintendent of railway service, for information. Mr. Bangs, in a long letter which he wrote, addressed to the Postmaster-General, explains at length the whole question, and gave tabular statements showing the effect as to the cost and the revenue derived from carrying different classes of mail matter. In making his statement he acknowledged the fact that it was exceedingly impolitic in Congress to change the rate in regard to certain kinds of third-class mail matter, and especially that part of it which had reference to the dissemination of information among the people; but he insisted that the rest of the third-class mail matter should be left at the rate that it then was; that is, at one cent per ounce.

Now, it is very generally acknowledged by every statesman in the land that the dissemination of information among the people is one of the most important duties of the Government; that there should be as wide a dissemination of knowledge as possible; that it should be promulgated as extensively over the country as mails can take it; and that every facility for giving to each citizen all the information possible should be freely extended, even although it may cost the Government some money to do it; for intelligence is the life and soul of free institutions, and without it they must fail. He therefore urged upon the Postmaster-General that that portion of the third-class mail matter which referred to the dissemination of knowledge among the people should be left at the rate at which it had been before the passage of the law of last session. He contended, however, that the remaining portion of the mail matter of the third class, which consisted of merchandise of various kinds, should not be allowed to go through the mails except at the rate at which it stands to-day; that is, at a cent an ounce.

Now, I am unable to draw a distinction between them, and do not see why the mails should not carry that kind of merchandise at the same rates as the kind first mentioned for the benefit of the large portion of the community who are engaged in agriculture, and which amounts to more than 54 per cent. of the whole population. This portion of our people now receives seeds, scions, bulbs, roots, and things of that character through the mails under the law. The beneficent operation of the law of 1874 in this respect has encouraged a new kind of industry in the country, which is now becoming very extensive and which is being enlarged all over the land; I mean the dissemination of seeds, bulbs, scions, roots, and cuttings through the mails by the florists, horticulturists, and agriculturists in the different portions of the Republic. There are hundreds of thousands of dollars, I think I might safely say that there are millions of capital invested in that industry. In the northern districts of New York there are several very extensive establishments that are sending out several thousand dollars' worth every day of seeds, roses, and plants of one kind or another, which are sent to all parts of the United States where the express companies would not carry them.

The same business is rapidly extending through the Middle and Southern States. Eastern Pennsylvania has many such establishments in successful operation, and a large portion of their business is transacted through the mail. The mail carries that kind of merchandise far beyond the reach of the operations of the express companies. It is, therefore, the means of disseminating among all classes of the farming community new seeds, plants, scions, and fruits, and carries those valuable productions, many of them of new species, into places that never knew them before. In addition to that, it is valuable to all other classes of citizens in this, that it enables individuals far away from express companies' offices to receive through the mail small parcels of merchandise from the great cities which they otherwise would not obtain. These classes of agricultural and other merchandise are put up in small bags, boxes, or parcels, not exceeding four pounds each, are easily and quickly handled, and, as Mr. Bangs says in his letter of February 18, 1875, "are less expensive, piece for piece or pound for pound, than either first or second class mail."

The returns of the Post-Office Department show that a very large amount of that kind of matter is carried in the mails, far exceeding the amount of second-class matter, which consists of periodical publications, such as newspapers, magazines, &c. Now, it is a matter of great convenience, almost a matter of necessity, to large numbers of individuals living in remote portions of this great nation to have this opportunity afforded them, and it is afforded them at a much cheaper cost to the Post-Office Department of the Government than is required by the second-class mail matter.

To show the difference between the cost of the carriage of first-class mail matter and that of the second and third classes, I will take the statement of Mr. Bangs himself, in which he gives the weight of the different kinds of mail matter, the revenue derived from them, and the expense of carriage. Of the first class there was carried during the last fiscal year 13,502,000 of pounds, from which the revenue derived was 77.6 per cent., and the expense of carrying was 47.7 per cent. Of the second class there was carried 55,783,832 pounds, the revenue from which was only 3.9 per cent., while the expense of carrying it was 24.7 per cent. Of the third-class mail matter there was carried 42,351,308 pounds, the revenue from which was 18½ per cent., and the expense of carrying was 27.6 per cent.

In his letter of February 18, 1875, to the Postmaster-General, just mentioned, he says: "At eight cents per pound the amount of third-class mail matter forwarded in the mails in 1874, would yield a revenue of over $4,000,000; but the actual revenue from third-class mail averages twelve cents per pound, ranging from 54.33 cents from unsealed circulars to 8.2 cents from books, (the excess arising from fractional parts,) yielding the Department from third-class mail matter a revenue of about $6,000,000." This is rather more favorable to third-class matter than his letter of last December.

Therefore, if it be proper in the light of revenue or of usefulness to the people to carry second-class mail matter, much more is it proper to carry third-class mail matter, because it yields more revenue to the Government and is of equal utility in its way. Comparing the second and third classes, it appears that the second-class mail matter yielded a revenue of only about 4 per cent., in fact only 3.9 per cent., while the third-class mail matter, being more than eleven millions of pounds less than the amount of second-class mail matter, yielded a revenue of 18½ per cent., almost three times as much as the revenue yielded by the second-class matter, while the expense of carrying was only 27 per cent. So, as a matter of revenue alone, there is more reason why this third-class mail matter should be carried at the expense of the Government than that the second-class should.

Then let me say, in addition to what I have already said, the law

as it stands to-day operates unequally and severely upon a large portion of the producers of and dealers in that class of merchandise of which I have spoken, and in which the agricultural community is interested. For instance, along the northern boundary of New York and farther west on the Canada line there are individuals and companies of large capital extensively engaged in the business of sending to all parts of the country floral catalogues, seeds, scions, bulbs, cuttings, roots, &c. They have an advantage over all persons in the same business in the Middle and Southern States of this country by virtue of the international postal treaty between Canada and the United States. On the 27th day of January, 1875, a postal treaty was made between the United States and the Dominion of Canada, the first article of which provides—

That correspondence of every kind, written and printed, embracing letters, postal cards, newspapers, pamphlets, magazines, books, maps, plans, engravings, drawings, photographs, lithographs, and patterns and samples of merchandise, including grains, seeds, &c., mailed in the United States and addressed to Canada, or, *vice versa*, mailed in Canada and addressed to the United States, shall be fully prepaid at the domestic postage rates of the country of origin, and the country of destination will receive, forward, and deliver the same free of charge."

In Canada the rate of postage on third-class mail matter is four cents per pound, while in this country it is sixteen cents per pound. The treaty is taken advantage of in this way: The company or individual engaged in this kind of business of whom I have spoken has nothing to do but to cross the line and deposit his circulars, seeds, and whatever else of that class he may desire to send, in a Canadian post-office, with postage prepaid at the rate of four cents a pound, and it will then go into any part of the United States postage free. But a person or company in the same kind of business who mails his circulars, seeds, cuttings, roots, and bulbs, in the United States must pay postage thereon in advance at the rate of sixteen cents per pound. I will give a practical illustration of how that works. There is a man living near Toronto of the name of Brown, who sends out his circulars of Canadian forest-tree seeds, one of which I hold in my hand, in which circular he gives a price-list of them, and at the bottom of the circular says:

Seeds can be shipped to all points by express or by mail in packages not exceeding five pounds in weight at the rate of only four cents per pound to any part of the United States.

I have also, taken from the Country Gentleman, published at Albany, New York, this advertisement:

SEEDS.—Rennie's catalogue of field, garden, and flower seeds, &c., is now ready for mailing (free) to all applicants.

The new international postal arrangements enable my sending of seed parcels, &c., to any post-office throughout the United States at the rate of one cent for four ounces, (four cents per pound,) prepaid postage.

WILLIAM RENNIE,
Toronto, Canada.

Again, I find the following paragraph headed "Cheapening the postage," in the New York Times:

The Toronto Globe says: "A Detroit seed firm recently moved six and a half sacks of its catalogues to Windsor, Ontario, and there mailed them to persons in the United States, saving $3,170 by the transaction, or cheating the United States revenue, as some call it, out of that amount. The charge for what is known as 'third-class mail matter' in the United States is four times as much as is charged for the same class in Canada. Under the late postal arrangement between the two countries, the United States and Canada each agree to take charge of the other s mails without charge. Hence the Detroit transaction."

Thus it is that by this postal arrangement the firms or individuals dealing in those articles along the Canada line can transmit through the United States their circulars and seeds at one-fourth the postage which must be paid by those engaged in the same business in the Middle, Southern, and Western States, and our Government must carry foreign merchandise for foreigners or American merchandise for favored citizens at one-fourth the price usually paid by our people. I am not in favor of such reciprocity, as it is against our Government and the individual citizen. I say, therefore, that in order to equalize this matter as far as possible we should put the rate of postage down to where it was before the act of 1875; that is, one cent for every two ounces or fraction thereof. In so doing we shall be better able to equalize the rates between different parts of the country and to give equal advantage to persons engaged in the same line of business.

It is right and proper for me to say here, however, that the attention of the postmaster-general of Canada was called to this matter, and he promised to regulate it; but while the postal treaty stands I am unable to see what control he can have over it, because it is a regulation established by law, and he has no right to change the law; and even if he tried to regulate it it could be easily evaded by an individual on the south side of the northern boundary line who wanted to send his seeds and catalogues free, having an agency on the other side of the line, and through that agency transmit these circulars, catalogues, seeds, and other third-class matter through the United States at the cheap rates already mentioned.

I therefore insist that this House ought to legislate properly on this matter; that we ought to return to the rates which existed before the enactment of 1875 was put into the sundry civil bill without the knowledge of any of the members of the House in all probability, except perhaps our committee of conference; for, if it had been known to the House, I am very sure, from the sentiment which prevailed here at the time, that such a bill could never have been passed in this body.

Now, who is there that objects to restoring the law to where it stood in 1874? If we should ask around this House whether any individual constituent had written to his member here to have the postal law retained as it is, I think I may say that scarcely any member, unless he be the representative of an express-company, would say that he had been asked to have the law kept where it is to-day.

I have had no one writing to me to ask that the law be maintained in its present form; on the contrary, I have had many persons writing to me complaining of the burden placed upon their particular industry by the present law. Of all the men who have come here to Congress there is none, so far as I can learn, who desires that the law shall be maintained at its present rates, save the express companies themselves, either by their own officers or directors or by their attorneys. These are the parties who were instrumental, as I have always understood, in having the law of 1874 changed to its present form. That change was wrought in a single paragraph—a short and simple one, which escaped the attention, in all probability, of the conference committee of the House—a paragraph, very innocent-looking in itself, inserted in the sundry civil appropriation bill, a place entirely foreign to its nature, and where no one would be likely to look for it. It reads as follows:

That section 8 of the act approved June 23, 1874, making appropriation for the service of the Post-Office Department for the year ending June 30, 1875, and for other purposes, be amended, and the same is hereby amended, as follows: Insert the word "ounce" in lieu of the words "two ounces."

The effect of this change in the law was to make the act of 1874 read that that class of matter should be charged postage at the rate of one cent for each ounce instead of one cent for every two ounces, thus doubling the rate on third-class mail matter. This shows the danger of amendments in conference and the necessity of vigilance of conference committees.

I say, therefore, that the whole benefit that has arisen from that change of law has inured to the express-companies, and not to the public. There has been a tax of sixteen cents a pound additional imposed upon the reading public and the agricultural public on all mail matter of this class, with little, if any, additional benefit to the Government. Indeed the pecuniary advantage to the Government is but a poor equivalent for the disadvantage resulting to purchasers of merchandise and the readers of third-class mail matter and to the injury of both producers and receivers of the agricultural, horticultural, and floral matter allowed to be passed through the mail, and on which a double tax is imposed, and to be paid by one or the other parties interested in such mail matter.

I may also say that I see no good reason why the annual reports of universities, colleges, academies, and religious and beneficial associations, the catalogues of seedsmen, of florists, almanacs, and other annual publications of that character should not be rated as second-class matter, and carried at the rates provided therefor.

The Post-Office Department was organized in the interest of all the people; it was not intended as a money-making concern, and all the people should have all the benefit it can afford.

I am therefore satisfied that it would be right and proper for this House, whenever a vote is reached on the matter, to adopt the change in the classification that I have just mentioned, and to re-instate in the law for the rest of the third-class matter the rates provided by the act of 1874, and thus encourage the dissemination of information among the people and the transmission of the kinds of products and merchandise of which I have spoken before to places where they would not otherwise be entitled to go.

Mr. LAWRENCE. I will inquire of the gentleman from Pennsylsylvania [Mr. TOWNSEND] what would be the effect of the restoration of the law as it was upon pamphlet publications issued by benevolent institutions? I will send to the Clerk's desk to be read a letter which I received a short time since, and which will explain itself.

The Clerk read as follows:

CHURCH EXTENSION ROOMS OF THE METHODIST EPISCOPAL CHURCH,
Philadelphia, April 18, 1876.

DEAR SIR: I solicit your attention to the provisions of the postage law reported by Mr. HAMLIN and passed by the Senate. Our Church Extension Annual, (a copy of which I send you,) missionary reports, &c., will, under this bill, if it becomes a law, be subjected to six times as much postage as Harper's Magazine and similar publications. * * * Our Annuals should really be admitted as second class.

Yours, truly,

A. J. KYNETT.

Hon. WILLIAM LAWRENCE,
Washington, D. C.

Mr. LAWRENCE. That letter is from the Church Extension Society of the Methodist Episcopal Church. It seems that the new law is exceedingly onerous with reference to the distribution of the annuals published by that organization and by similar benevolent associations of that and other churches. The general conference of the Methodist Episcopal Church of the United States, now in session at Baltimore, adopted yesterday a resolution which I ask the Clerk to read, as showing the oppressive character of the existing law.

The Clerk read as follows:

Rev. H. Price, of Upper Iowa, submitted the following preamble and resolution; which were unanimously adopted:

"Whereas the benevolent corporations of our own and other churches engaged in various forms of missionary and educational work of recognized public necessity and value are expected and required to publish annuals giving valuable information for the people and send them to our pastors and others, and in so doing need to avail themselves of the Uni ed States mails; and whereas the postage on such annuals has, under the rulings of the Post-Office Department, for more than a year past been unjust and oppressive and almost prohibitory; and whereas the bill re-

cently passed by the United States Senate proposes the continuance of such inequitable and oppressive rates by expressed provisions of law, thereby compelling these benevolent corporations to pay six times as much as other publishers are required to pay on similar printed matter of no more public benefit: Therefore,

"*Resolved*, That we respectfully but earnestly protest against the passage by the House of Representatives of the bill recently passed by the Senate with this unjust provision included, and we do hereby respectfully memorialize Congress to so modify the postal laws that the annuals published by our benevolent corporations may pass through the mails at the same rates of postage that other publishers are required to pay on monthly and quarterly magazines."

The mover was appointed a committee of one to transmit a copy of this protest to the House of Representatives at Washington.

Mr. TOWNSEND, of Pennsylvania. I will answer as far as I can the inquiry of my friend from Ohio. The interpretation of the Post-Office Department with regard to annuals, catalogues, seeds, plants, and things of that kind, matters which go out only once a year—and this appears to be an annual publication—are classified as third-class mail matter, paying one cent an ounce or sixteen cents a pound; whereas second-class mail matter, such as newspapers and magazines regularly published, pay at the rate of two cents a pound. That is my understanding of the law.

Mr. LAWRENCE. That is the existing law?

Mr. TOWNSEND, of Pennsylvania. Yes, sir. I do not know how the bill is as it came from the Senate.

Mr. LAWRENCE. The old law before this change was made at the last session of Congress would pass these annuals at the same rate as second-class mail matter.

Mr. TOWNSEND, of Pennsylvania. I do not so understand it. I do not know what was the interpretation before the act of 1875, but I do know that under the act of 1875 they claimed such periodicals came under third-class mail matter and paid sixteen cents a pound, while newspapers and magazines paid eighteen cents.

Mr. LAWRENCE. I desire to call attention to the subject now, so that when this bill shall again come before the House this manifest injustice may be remedied. It does seem to me these annuals, including, as my friend from Pennsylvania has said, catalogues of seeds and fruit-trees, almanacs, annuals of missionary societies and benevolent institutions, as well as catalogues of colleges and universities, and all similar matter, should go in the mails at the same rate of ordinary magazines of the country. I know no reason why this discrimination should be made against them. A simple statement of the fact is sufficient to demonstrate the injustice of the discrimination made against them by existing law. And while we are upon this subject, or when we shall be upon it for action, I hope such remedy will be applied as will give to this class of mail matter the same advantage which applies to ordinary monthly magazines.

I desire to state further, Mr. Chairman, that there is no subject of legislation upon which I have received during this session of Congress so many letters demanding a change in the existing law as I have upon this subject of a change in the postal law. They come up from every city and every town almost in my district and from almost every interest of the country. The large manufacturing establishments which send out advertising newspapers, published for the sole purpose of advertising their goods, their wares, their commodities, are charged enormous rates, and in this respect there ought to be a remedy. This demand for a change in the law, as my friend from Pennsylvania has said, comes from nursery-men who desire to send out cuttings, and seeds, and bulbs to remote localities where the express companies do not travel. The effect of existing law is almost to exclude such matters from the mails.

It is a most marvelous thing, Mr. Chairman, but nevertheless true, that where a great monopoly, as these express companies are, once gains an advantage by law it is almost impossible to remedy it. I have been amazed during the years I have been in Congress at the power these companies are capable of exercising and how deaf, I was about to say, Congress seems to be when appeals are made on behalf of the whole people. I trust the appeal which is now made, coming up so loudly from all parts of the country, for relief against a measure almost smuggled through during the last session of Congress, in the interest of express companies, will be heard. It is high time the people should assert their interest against these vast monopolies, and it is high time these vast monopolies should cease to make demands which outrage the public judgment and are hostile to the public interest. I am the friend of corporations; they are vast agencies for good; but in order that they may continue to be agencies for good, in order that they may not provoke hostile legislation beyond what would be reasonable and just, they ought not to make demands upon Congress which are so manifestly wrong as that which now seems to be persisted in by these express companies, and which seems to find, I am sorry to say, so many supporters at least in one end of the Capitol. I hope that policy of wrong against the people will find but few friends in this end of the Capitol.

Mr. RANDALL. Let me say a word. I want to commend in the strongest language the action of the gentleman from Ohio, which has always been against undue encroachments on the part of these corporations, and especially his zeal in this regard. At the same time, I want to remind him and the House that one of the first acts of this House when we came together at the beginning of this session was to repeal the offensive legislation which he has just told you was smuggled last session into an appropriation bill. The other end of the Capitol, to which he has also alluded, is the sole responsible legislative party for the continuance of this great outrage on the people.

Mr. LAWRENCE. I believe that is true.

RESPONSIBLE GOVERNMENT.

Mr. SPARKS. Mr. Chairman, I shall claim the attention of the Committee of the Whole House on this occasion to express the sentiments which impress me in the discussion of a subject it is my hope may be regarded as within the legitimate consideration of the committee, and yet a part of which I am conscious is not specifically connected with any measures now pending before Congress.

I propose to express briefly my views in regard to

RESPONSIBLE GOVERNMENT

as applicable to our democratic or republican theory, and from it, if successful, shall hope to deduce something of practical benefit in the legislation before us.

I express, sir, no novel sentiment in the declaration that our democratic theory is in its essential elements a revolutionary movement in governments in conflict with the theories of the great body of the nations of the world.

These nations, supported by the prestige of long usage, recognize hereditary authority, "the divine right of kings;" power acquired by the accident of birth; a single sovereign, and he or she not such by virtue of eminent qualifications or of patriotic devotion to the public good, but as a right hereditary, by virtue of which the right to rule is confided to one person, while the millions composing the nation are the subjects, who, however gifted they may be or possessing whatever of superior ability, are the subjects of that rule.

This, sir, is in brief the theory of monarchical governments. And although, as is well known, in its application in many of the civilized nations it is limited in and divested of many of its severities, it is in the abstract, as before stated, the theory of the governments of the great body of the nations of the world.

Our democratic system revolutionizes this, and founds its claim to favorable recognition in a denial of this "hereditary authority," and asserts as its dogma of political faith that all "rightful and sovereign authority springs from and is vested in the people," thereby transposing the monarchical theory of a "single sovereign and he irresponsible, and millions of subjects and they responsible," into the system of "millions of sovereigns" having a few servants of their own selection, and they "responsible to them."

This grand conception of government framed by the founders of the Republic, it is ours to protect and preserve. I shall not attempt argument as to its correctness, but will assume that all concede it; nor shall I charge that any political organization or body of men in our country are intentionally disposed to thwart its legitimate application, or defeat its purposes; but will content myself with the expression that in my judgment we are gradually, yet certainly, drifting beyond and away from it.

The system demands the constant recognition of the sovereignty of the people, and of accountability to them by their servants, who as their agents (selected and chosen by them) exercise the functions of office in their name by virtue of their authority and for their good, the servant, from the highest to the lowest, realizing ever a constant and abiding responsibility to the people, and they as masters demanding always a strict compliance with the full measure of their rightful sovereign authority.

The fathers of our Republic not only understood our democratic theory, but studiously acted in conformity to it. As an example, I propose in this connection to present the administration of Mr. Jefferson, who is conceded to have been the master spirit in its inauguration.

Pervading every act and movement of his administration, there was the constant reminder of the sovereign authority of the people, and of the humility, accountability, and responsibility of the servant.

This he evinced unmistakably by the simple and unostentatious exercise of his official duties, acknowledging constantly in his every act to his countrymen that he was their servant, selected and commissioned by them to subserve their will, and to devote his best energies to their welfare, and not to subordinate his position to promote selfish ends or personal aggrandizement. Hence he discountenanced and banished from the executive office and the Executive Mansion all of the trappings and idle meaningless flummery of aristocratic pretensions, and substituted therefor the plain and simple, yet intelligent and dignified, demeanor and surroundings appropriate to the republican simplicity of a nation not only of freemen, but of sovereigns owning their own Government.

Appreciating fully his responsibility and accountability to the people, he spent during his presidential terms of office the greater portion of his time at the nation's capital, where with watchful vigilance he, as its head, could direct and control the executive administration, and, being at his post of duty, could prevent corruption and detect inefficiency on the part of the subordinate officials connected with the Government of which he had charge.

Residing at the nation's capital, with the Government archives at hand, he could direct and properly instruct its diplomatic representatives abroad, and also properly receive and confer with the accredited embassadors of the nations with which ours was on terms of political intercourse.

Recognizing his responsibility as a servant, he was extremely cautious in guarding against all approaches to secure patronage by designing men, who by interested kindnesses or valuable gifts might seek to ingratiate themselves into his favorable consideration for the selfish purpose of obtaining office, and which, when obtained, they

would use to acquire fortunes for themselves by plundering the people's Treasury.

Conscious that he, like other men, was possessed of the passions and impulses of human nature, he knew that it was dangerous, when acting as the servant of the people, to allow himself to be patronized by the designing sharper. He would accept no gifts, and hence had no improper inducements to the granting of official favors, and therefore appointed none to office except those who based their claims on merit and who could successfully withstand rigid examination and sustain character thereby both for integrity and capability.

As President of the United States, and recognizing that he held that station as the servant of the people, with its duties to be discharged so as to promote their prosperity and happiness, and deeply sensible of the obligations thereby imposed, the selfish desire to enrich himself or by it to advance the fortunes of those connected with him by the ties of relationship could have no controlling influence over him.

Sir, he did not, and would not, appoint any of his relations or kindred to office. He did not believe that the various offices subject to his bestowment were his individual perquisities, nor subject to distribution by him among his kindred and personal favorites; but, on the contrary, he regarded them as simply committed to him in trust as the chief servant of the people, and that his duty was to dispense them in their interest to those, and to those only, to whom the public mind pointed as best fitted by experience, qualifications, and integrity to discharge the incumbent duties thereof with efficiency and fidelity.

In thus manifesting a knowledge of the character of his responsibility, and acting in conformity to it, we now, in reviewing the eminent success of his administration, readily realize that his was the only sure pathway of safety.

I would not argue, nor do I believe, that the reception of gifts, large or small, would have corrupted him. His was not the material from which corruption readily springs. But there was safety in putting himself in the position to assure the public that, in his selections, no taint of bribes or acknowledgment of personal favors received had any influence in the dispensation of the official patronage under him.

Neither would I assume that the public service would have materially, if at all, suffered by the bestowment of official stations upon his kindred or relations. On the contrary, it is but fair to presume that so pure and so great a man was hardly of a relationship or kindred of impure and corrupt men. Yet such a case was possible; and without the establishment of an unyielding and inflexible rule against it, it was possible for kindred ties to mislead, and the public welfare intrusted to him suffer through a human weakness indulged to gratify the importunities of a needy relationship.

And again, a wholesome public sentiment, ever indispensable in a free government, was to be conserved; and it might be difficult for him, even with his untarnished fame and high character for integrity, to satisfy that public sentiment that the reception of gratuities from friends, or the strong ties of kindred, had not induced or constituted some element of influence in his actions, rather than that they were controlled purely in the interests of the public.

His high station demanded an entire abnegation of self, and of all selfish influences, and an exalted, untrammeled effort in all things to meet the demands of the public will, and he was strong enough and patriotic enough faithfully to discharge its duties.

And as it was principle that prompted him, so it was with all of the early Chief Magistrates. The doctrine of "sovereign power in the people" and responsibility and accountability to them by the servant was a cardinal principle with all of them, to which high standard, faithfully acted up to, the safety and welfare of the Republic was assured.

But, unfortunately for us, in these later years we have been drifting away from these wholesome precepts and these good examples, and, as a result, the public sentiment is debauched, public morals corrupted, and mismanagement, misrule, and widespread demoralization permeate the whole body-politic.

Sir, I do not, and would not on this occasion and in this presence, make personal attacks. On the contrary, I would desire to treat fairly and deal kindly with all men in official or unofficial stations; would prefer, sir, and can with much reason, attribute the corruptions, frauds, and political demoralizations, which admittedly exist all around us to the rapidly growing tendency of a vicious system which has sprung up among us.

This system, sir, is simply a reverse of the good one that I have been describing. Officials now are beginning to feel that they are not responsible to the people as a sovereign power standing behind them, and whose sovereign will they are to obey, but rather that they of themselves are the legitimate sources of authority.

Should a chief magistrate feel thus, we could hardly expect of him an administration such as we have been describing. The master seldom obeys the behests of the subject. Nor is the irresponsible ruler likely to manifest any nice sense of duty or obedience toward those whose prerogative it is his to rule and control.

GOVERNED TOO MUCH.

And, now, sir, comparing the political tendencies of the present with those illustrating the administration of Mr. Jefferson, I venture the suggestion that it will be discovered that there is manifested now a growing, vicious tendency on the part of officials to govern too much, or, to express the same idea in another form, there is too little confidence in the ability of the people to govern, and consequently a disposition exhibited by political leaders to encroach upon their authority.

It appears to me, from the investigation that I have been able to give to this subject, that if the political actors who were contending for supremacy in the days of Jefferson and Hamilton were now on the political stage, the followers of Hamilton would witness in the present political action an exemplification of his principles.

Let us for a moment consider the basis upon which each of these eminent men founded their diverse theories. Jefferson, realizing that necessity was the author of progress, favored the imposition of the heaviest possible responsibilities upon the people, realizing that when responsibility was devolved upon them it created demand for thought and action, thereby developing higher qualifications and elevating the general standard of capacity. Hamilton, on the other hand, conservative and patristical in his views, doubted all radical encroachments on the theories of the past, and therefore advocated the retention of power in the few.

While Jefferson deprecated extensive or excessive legislation, for the fundamental reason that he desired the people for their own advancement and security to act freely, Hamilton, under the influence of opposite theories of Government, doubted their capacity and marshaled his forces across the pathway of progress.

To this divergence from the highways marked out and illustrated for us by Jefferson is, in my judgment, attributable the broad difference in the externals of public administration now and then, and the departure from the high standard of official morals that then justly entitled us to the respect and admiration of the world. To it is to be ascribed the corruptions that pervade all the social as well as political forms that enthrall us, the flippancy with which violations of the ballot-box, the people's emblem of power, are treated by the country, and the general political demoralizations that now justly subject republican institutions to adverse criticism by the advocates of the forms of government of the Old World.

I have, sir, thus far directed attention mainly to administrative or executive action. But the argument applies as forcibly to all other branches of Government; and, in fact, perhaps no department is so liable to abuse the sovereign will as the legislative.

Our early Congresses were composed of men who reverenced the Constitution, and conformed their actions strictly in obedience to the limitations of that instrument, and acted constantly with a full recognition of the principle that they were simply servants, not masters; that the sovereign power was lodged in those who elected and paid them, and that to it they were responsible and accountable.

Acting up to this standard, there was developed a class of membership which for integrity, ability, and moral uprightness challenged the respect and the admiration of the civilized world.

To be known in the early days of the Republic as a member of the American Congress was of itself an accredited passport of respectability among the good and the great wherever good and great men lived.

A Congress composed of men feeling that they were responsible and accountable servants of a sovereign constituency behind them, with the eyes of that constituency constantly upon them, could not and would not wantonly do an act in conflict with the sovereign will of that people as expressed in their Constitution.

Sir, a Congress of men who fully appreciate this idea, and who in the language of a distinguished gentleman of this House, "Salute the august majesty of the people," will not fail to protect, defend, and preserve free government.

A congress thus composed will not carelessly and recklessly vote away or appropriate the people's money or their landed heritage. With such a body unguarded, unconstitutional subsidies and grants of lands and money to overgrown, soulless corporations would be an impossibility.

Good servants as legislators, feeling their responsibility to their sovereign masters the people, could not and would not pass laws of a doubtful constitutionality; and specially would they guard against doing so when those laws involved the appropriation of large sums of money wrung from that people by onerous taxation.

With a Congress thus composed the disgraceful taint of a credit mobilier could have had no existence. Neither would the fury of a nation's anger have shaken the Republic with the indignant and peremptory demand for a repeal of a "salary grab." For the members of a Congress feeling ever their responsibility as the people's servants could not have been corrupted by the *one* nor have voted to make the *other*.

And now, sir, in attempting very briefly yet practically to present the result of these unfortunate tendencies, allow me to call attention to the character of legislation that has received and now engrosses a large portion of the time of Congress.

PROTECTIVE TARIFFS.

Every industry in which capital is invested is demanding that, in raising revenue, it is imperative that its interests shall receive protection against foreign competition; is declaring in effect that the great masses of the people represented in this country by the laborer and agriculturist must pay a toll to the few possessing money to the acknowledged detriment of the millions who do not possess it.

Our revenue legislation is largely predicated on this theory, which

is clearly in hostility not only to the dictates of common justice, but to all of the cardinal principles of free government, for the reason that such legislation must result in dangerously concentrating capital, and therefore dangerously depositing power in the few.

And, further, the hardship against the consumer is in our case now aggravated by the unhappy condition of the public debt; being exempt from taxation the rich laggard and bondholder (not useful to the state) is enabled to draw all of his wealth from public support, while every member of society engaged in useful pursuits is compelled to bear, not only his own, but the rich man's portion of the public burden.

The theory of all revenue recovery under protective legislation being based upon consumption of necessaries, and not on property values, the laboring millions stagger under oppressive taxation, while the idle rich are its beneficiaries. It in effect imposes a penalty on labor and usefulness and offers a reward to idleness and wealth.

AMENDMENTS TO CONSTITUTION.

And again, sir, in the line of this excessive legislation, we have now presented for our consideration in the message of the President of the United States the adoption of constitutional amendments looking to the interference by the General Government with public education. In this we find the assertion of the same error, namely, that success lies in abridging the power of the people and in increasing the power of the servant. It in effect asserts that the few in authority are better qualified to determine a proper system of education than the whole people. This, allow me to say, is another dangerous aggression against their legitimate domain, the tendency of which is not only to multiply legislation and increase official stations, but further to consolidate power and augment the public expenditures.

SUMPTUARY LAWS.

Periodically an infatuation takes possession of the law-makers in our country demanding, as they fancy, the adoption of restraining legislation looking to the control by legal enactment of the habits and customs of the people. But, like the spasm upon the physical system, the influence of such legislation upon those affected by it is evanescent. They generally assert their authority in the end and disregard all coercive measures to dominate matters relating to their own tastes and personal comfort. Their results are only witnessed in statutes that are "dead letters," which are opposed and treated with contempt instead of respect and obedience.

The Maine law and its kindred legislation have had their day, and are remembered now only as disturbing elements of discord resulting ever in failure, for it is demonstrated now that all of this class of legislation can result in no good.

The wise and good men of the country have learned that it is only through the influence of example and moral suasion, the inculcation of correct principles, and individual efforts that the excesses here referred to can be legitimately and properly treated.

Every attempt in this age and in our country by fanatical, restrictive laws to stifle the people's conception of liberty, by whatever cause pretended to be justified, will, instead of promoting the purpose intended, produce only the opposite results.

FINANCIAL LEGISLATION.

Further, sir, proceeding upon the false hypothesis that the people are not wise enough to erect a monetary system to meet the demands of their own internal trade, national banks are established by authority of the General Government, through which all private enterprises in money pursuits are threatened with destruction by creating a monster monopoly that overthrows the health-giving influence of competition and subjects all of our industries of whatever character and all of our classes of whatever pursuit to the baleful influence of its decrees, by its operation consolidating money in a few hands and enabling them by its accumulation to control all the legitimate sources of wealth, and subordinating these money magnates to the central authority to do the bidding of those in power, which, if reposed in bad hands, is an efficient instrument to perpetuate their authority and to jeopardize and endanger public liberty.

At each recurring session of Congress legislation is pressed by the powerful influence of these national banks to secure their own perpetuation. Were it not for their existence our whole circulating medium would now be the non-interest-bearing legal-tender Treasury note, and the people would be relieved in the matter of interest of over twenty million dollars ($20,000,000) taxation annually. Through their instrumentality the Sherman resumption act was passed, which, if its objects be accomplished in withdrawing the legal-tender notes and substituting an interest-paying bond exempt from taxation therefor, will impose an additional annual interest burden of over twenty million dollars ($20,000,000,) and, further, not only substitute an interest-bearing for a non-interest-bearing debt, but make that debt a foreign in lieu of what is now a home or domestic debt, and cause an additional drain of the precious metals from our country to pay the interest thereon.

Were it not for the existence of these national banks the discriminations against the legal-tender notes would have long since been abolished, and they would have been made receivable for all dues, public and private, which, if done, it appears to me that their early appreciation in value to a sound standard would clearly follow.

But these national-bank corporations are interested in the depreciation of the legal-tenders in order to secure their retirement and the substitution of their own issue in place of them.

And now, sir, although it has been and may be charged that it is in conflict with democratic teachings to advocate a paper circulation as an abstract proposition, yet it seems to me that an exigency is upon us when a wise and honest statesmanship must, in the interests of the people, accept the situation as it exists and secure such legislation as looks most to the general welfare.

While it has been my endeavor to show that the national banks were destructive to private interests and dangerous to public liberty, the legal-tender circulation has neither an element of money accumulation nor of political centralization in its character. Issued directly from the Treasury it is diffused through the whole body of the people, the government having no control over its holders, the only danger that can be apprehended by the recognition of authority by the Government to issue as a circulating medium the legal-tender note being that under unwise legislation improper inflation may ensue. But in considering the two horns of this dilemma allow me here to assert that the recognition of such authority is a thousand-fold less dangerous to the public welfare and a thousand-fold more promotive of prosperity than the perpetuation of the national-banking system.

Sir, we hear the cry for hard money, and yet the mass of those apparently most earnest in its advocacy, session after session of Congress, vote in the interest of the perpetuation of national banks and national-bank circulation. Is it unjust then, sir, to charge that this hard-money cry is all a sham and a delusion? For hard money they present us with the national-bank note, entailing as its companion (if the resumption law be carried into effect) an annual interest burden of over forty million dollars ($40,000,000) against the people.

Sir, the authors of these hard-money fictions very well know that for the present, or within a period that can be defined with any certainty, hard money as a circulating medium, if desirable, is an impossibility.

To resume specie payments—meaning thereby, of course, gold payments, for the advocates of this theory demonetize silver—in a country admittedly demanding eight hundred to a thousand millions of dollars as a circulating medium to carry on the legitimate business, and less than one hundred and fifty millions of gold in the country, with the drain against us and no hope of borrowing, except at ruinous rates of interest, is a proposition so absurd, that it does not call for refutation. One of the hard-money advocates in the other branch of this Congress, (I refer to Hon. JOHN P. JONES, of Nevada,) in a speech delivered in the Senate on the 25th ultimo, used this language:

> Resumption in gold is out of the question. It is not practical financially; it is not practical metallurgically; it is not practical internationally; it is not practical politically; in short, it is not practical at all.

This is strange language to come from one of a class who speak of the current legal-tender notes of the Government as "irredeemable rags," and yet it is forced from their sagacious statesmen when they are compelled to meet this question fairly as a logical fact.

And again, sir, is it not a well-known fact that in *any* condition of a commercial people in *any* country coin can only be the absolute basis of values, and, to a limited extent, the circulating medium? Not to exceed one-tenth part of all cash business transactions are accomplished by its transfers. Drafts, checks, bills of exchange, letters of credit, and a paper currency perform nearly all of its offices with greater facility and economy. Hence, in my judgment, as a solution of the financial difficulties surrounding us, the prime objects to be now attained are:

First, the immediate and unconditional

REPEAL OF THE RESUMPTION ACT,

the demand for which by the people was emphatically registered against such legislation by the election of a democratic House of Representatives and the defeat of a large number of those who were instrumental in the enactment of legislation of a like character. Its repeal will stop the ruinous contraction that is now prostrating all the valuable industries, establishing bankruptcy as the almost universal condition of the mercantile, agricultural, and other industrial classes, and will to some extent revive the confidence of the people and restore a hopeful condition of affairs.

In the State which I have the honor in part to represent, a large majority of all classes are in the most unmistakable manner indicating their displeasure with Congress for its failure to obey their behests in regard to it. Through its ruinous influence they daily witness a shrinkage in all values; their stock and their lands, their corn and their wheat, indeed everything that represents useful effort or power of production is melting into insignificance, while the manipulators of the national banks are swelling with arrogance and daily adding to the measure of their merciless extortions.

Let me warn the representatives of these national banks and the exempted bondholders in time, the people may not stand the extortions that their unholy greed engenders; and, while I recognize it as true that one wrong never justifies another, if they would correctly read the history of the past or comprehend the movements of mankind, they would understand that their injustice may drive the people to action that will bury their bonds and their banks and overswollen avarice and arrogance in a common ruin.

Second,

THE REPEAL OF THE NATIONAL-BANKING LAWS,

the withdrawal of their circulation, the substitution of the Treasury note therefor, and the consequent absorption and cancellation of nearly four hundred million dollars ($400,000,000) of the bonds of the Government, the interest coupons on which are semi-annually clipped from them and 6 per cent. in gold paid to these bankers out of the treasure of the people, thus saving nearly twenty million dollars ($20,000,000) annually that will thereafter be diffused among them to encourage enterprise and restore hope and public confidence.

It is objected by the hard-money advocates that this is "*inflation* of an *irredeemable currency*." Now, as inflation signifies *increase* or *expansion* it is difficult for an ordinary mind to conceive how the *substitution* of a certain number of current representative dollars issued by one authority in *lieu* of and to the destruction of an equal number issued by another can *expand* or *increase* the amount. And as to the *irredeemability*, the same objection (though a false one) can be urged to the national-bank issue, as the security for both is the pledged faith of the nation, the only difference being that the national-bank issue entails and perpetuates against the people an interest-bearing debt that every sixteen years equals the principal, while the Treasury note extinguishes the interest and at the same time destroys nearly four hundred millions dollars ($400,000,000) of values that by unwise legislation are now exempted from all public burdens. The bonds are now held at and above *par* in *gold* by all the money-dealers of the world. It is absurd to declare that the same faith and credit that attaches to the bond will not sustain the Treasury note used for internal trade when the odious discriminations against their value are repealed. A common mind can but arrive at the conclusion that the real object desired by the authors and supporters of the national-bank policy is to perpetuate for the benfit of the rich the bonded debt exempted from taxation, the avails and interest of which are wrung from and cripple every element useful to society.

RECEIVABLE FOR IMPORTS.

It will be very difficult to convince the people that the discriminations against the legal-tenders were not enacted to destroy them and perpetuate the exempted bonds and the national banks. Not receivable as interest on the public debt or for duties on imports, their field of usefulness is circumscribed and the unqualified indorsement of the credit of the Government is withdrawn from them. Let them be made receivable for duties on imports and their appreciation in value to a gold standard will readily follow and be permanent.

In conclusion, sir, it has been my attempt to show that all legislation of the kind referred to by me has a common origin that it all proceeds from a want of confidence in the ability of the people to govern, that it not only results to their detriment in private pursuits, but that the standard of official and private morals is degraded by its influence; that all such legislation is in hostility to the genius of our institutions and a correct conception of the object for which our Government was established, its fundamental theory being that the people have the capacity and the right to rule.

Mr. VANCE, of North Carolina, obtained the floor, and yielded to Mr. RANDALL, who moved that the committee rise.

The motion was agreed to.

The committee accordingly rose; and Mr. BLOUNT having taken the chair as Speaker *pro tempore*, Mr. SPRINGER reported that the Committee of the Whole on the state of the Union had had under consideration the bill (H. R. No. 3263) making appropriations for the service of the Post-Office Department for the fiscal year ending 30th June, 1877, and for other purposes, and had come to no resolution thereon.

Mr. RANDALL. I move that the House do now adjourn.

The motion was agreed to; and accordingly (at eight o'clock and thirty-five minutes p. m.) the House adjourned.

PETITIONS, ETC.

The following memorials, petitions, and other papers were presented at the Clerk's desk under the rule, and referred as stated:

By Mr. BANNING: Resolutions of the Legislature of Ohio, asking that Congress amend the pension laws so that wounded Union soldiers who failed to make application for pension within the time prescribed by law may now be permitted to make application therefor, to the Committee on Invalid Pensions.

By Mr. BURLEIGH: The petition of the Maine Editors and Publishers' Association, that they be relieved from prepaying the postage on newspapers sent from the office of publication to subscribers, to the Committee on the Post-Office and Post-Roads.

By Mr. CASWELL: The petition of Mrs. Joanna W. Turner, for a pension, to the Committee on Invalid Pensions.

By Mr. FOSTER: The petition of Charles Leimbach, to change the name of his schooner from J. L. Quimby to Perry G. Walker, to the Committee on Commerce.

By Mr. HENDEE: The petition of Sarah E. Porter, for a pension, to the Committee on Invalid Pensions.

Also, the petition of Curtis Elkins, that he be re-imbursed $175, money paid the collector of customs for the district of Vermont in 1872 and retained by said collector without authority of law, to the Committee of Claims.

By Mr. LEAVENWORTH: Resolutions of the Legislature of New York, requesting the Senators and Representatives from that State to use their influence to secure, without delay, the legislation necessary for the protection of the immigrants, as well as for the security of the towns and cities of said State, to the Committee on Commerce.

By Mr. LYNDE: The petition of Durands, Robinson & Co., and other manufacturers and dealers in tobacco, of Milwaukee, Wisconsin, against changing the law regulating the manner of packing tobacco, to the Committee of Ways and Means.

Mr. McMAHON: Memorial of numerous dealers in tobacco and cigars, of Dayton, Ohio, against any change in the mode of packing tobacco, to the same committee.

By Mr. O'NEILL: The petition of Philip McManus, formerly of Company E, One hundred and sixth regiment, Pennsylvania Volunteers, for the removal of the charge of desertion, to the Committee on Military Affairs.

By Mr. PHELPS: Memorial of James Caler, that he paid $18,858.77 additional compensation for dredging done in the bar at Rutherford Park, on the Passaic River, New Jersey, to the Committee on Commerce.

By Mr. PIERCE: The petition of envelope-manufacturers, printers, stationers, and lithographers, of Massachusetts, against the gratuitous distribution by the Government of envelopes, newspaper wrappers, and postal cards, to the Committee on the Post-Office and Post-Roads.

By Mr. SWANN: The petition of Mrs. Jane Moore, for a pension, to the Committee on Revolutionary Pensions.

By Mr. VANCE, of North Carolina: The petition of Rev. C. H. Powell, for reforms in the administration of the Government, and suggesting a plan whereby to prevent frauds and violations of duty by Government officials, to the Committee on the Judiciary.

IN SENATE.

THURSDAY, *May* 4, 1876.

Prayer by the Chaplain, Rev. BYRON SUNDERLAND, D. D.

The Journal of yesterday's proceedings was read and approved.

TELEGRAPH OPERATOR.

The PRESIDENT *pro tempore* announced the appointment of William A. Young telegraph operator for the Senate wing of the Capitol, *vice* William L. Ives, resigned.

HOUSE BILL REFERRED.

The bill (H. R. No. 3360) authorizing the Secretary of the Interior to pay the expenses of delegates from the eastern band of Cherokee Indians was read twice by its title, and referred to the Committee on Indian Affairs.

EXECUTIVE COMMUNICATIONS.

The PRESIDENT *pro tempore* laid before the Senate a letter from the Secretary of War, transmitting, for the information of the Committee on Commerce, a report of the board of engineers for the Pacific coast, respecting the encroachments of the sea upon the city of Fort Stevens, at the mouth of the Columbia River, in Oregon; which was referred to the Committee on Military Affairs, and ordered to be printed.

He also laid before the Senate a letter from the Secretary of War, transmitting, in compliance with a resolution of the Senate of the 11th instant, a report of the Quartermaster-General in relation to the Western and Atlantic Railroad; which was ordered to lie on the table, and be printed.

PETITIONS AND MEMORIALS.

Mr. CONKLING. Mr. President, I have been requested to present, and most willingly I do present, a great number of petitions representing the case of an American citizen immured in an English prison. Edward O'Meagher Condon is and has for eight years been undergoing a life-sentence in prison in England. His offense was political, at least in its occasion and in the circumstances out of which it grew. His fate has awakened sympathy throughout America, and has swollen into a current of sentiment of which the evidence in part is here. These petitions come from twenty-two States and at least two Territories. Legislators, lawyers, judges, and chief citizens have united in them, in the States of Massachusetts, Connecticut, New York, Illinois, Ohio, Pennsylvania, Missouri, Wisconsin, New Jersey, Michigan, Minnesota, Kansas, Colorado, Iowa, Indiana, Georgia, Nebraska, Texas, Tennessee, Kentucky, and in Idaho, Montana, and other Territories. Petitions have been signed asking the intervention of Congress in behalf of this captive. The Executive Government has been assiduous in endeavoring to obtain a mitigation of the sentence, and whether, in addition to the efforts it has made, anything be possible I know not. The House of Representatives has passed one, indeed I believe two, resolutions asking the Executive still further to interpose. Those resolutions are here before the Committee on Foreign Relations; and now come all of these petitions, representing such a volume of sentiment and being such an utterance of sympathy as has rarely come from the people of this country to either House of Congress.