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A General Bankrupt Law for the United States.

From the Herald.

The Constitution of the United States empowers Congress to pass uniform laws on the subject of bankruptcies. This power has only been twice exercised—once in 1800, when a bankrupt law limited to five years was passed, which was repealed before the expiration of the term, at the close of the year 1803; and again in August, 1841, when a general insolvent law was enacted, which was so loose in its provisions, and so available for the fraudulent debtor, as to excite a storm of popular disfavor. The latter law was pushed through Congress by questionable means. The law of 1841 had less than two years' existence, a bill for its repeal having received the President's signature on March 3, 1843. During the period it remained in operation it was calculated that some forty thousand persons availed themselves of its provisions, whose aggregate debts must have been in the neighborhood of two hundred millions of dollars.

Notwithstanding the failure of former experiments, it has long been the opinion of the ablest financiers and the most honorable business men in the United States that a general bankrupt law, fair and liberal in its provisions, and containing strict safeguards against fraud, would be at once a protection to the honest debtor, and an advantage to the business community. Congress alone has power to pass such a law, which would be binding upon all creditors in the United States, and all descriptions of debts. The insolvent laws of a State can only reach its own citizens, unless creditors from other States, by voluntarily recognizing the insolvency and accepting dividends from the estate, put themselves within the pale of their operation. The close and intimate commercial relations between the States render it very desirable that a uniform system of laws relating to bankruptcy, which all understand, and by which all alike are bound, should exist; and it was a wise provision of the Constitution which vested the power to make such laws in the Congress of the United States.

In Europe bankruptcy laws are of a quasi criminal character. The proceedings are regarded as hostile to the bankrupt. Under the French law he is arrested and confined in prison or put under surveillance, and after an examination into his affairs by the Tribunal of Commerce he can be released on bail or unconditionally. After the investigation is completed he can be condemned to imprisonment, with or without labor, if fraud is proved against him. The English law has some peculiar features. A bankrupt who obtains his certificate of discharge is allowed a percentage to a limited sum out of the proceeds of his estate when the dividends reach a certain amount. When fifteen shillings in the pound is realized by his creditors he receives ten per cent. on the whole assets to a sum not exceeding six hundred pounds, and so in proportion for a smaller dividend. This affords a bankrupt a small capital with which to commence life anew. One provision of the English law would hardly suit the United States. A bankrupt is not entitled to his discharge if he has lost a certain amount within the year immediately preceding his bankruptcy either at gambling or stock jobbing.

It is objected by some that bankruptcy laws are a protection to fraudulent and dishonest debtors. A good law must always be the reverse. Our present system, without any general law at all, is oppressive only to the unfortunate and honest debtor, and affords the rogue every facility he can desire to cheat his creditors. It is also an incentive or temptation to men of weak and unstable principles to become dishonest. When a person who is doing business with an intention and wish to establish a good reputation finds misfortune coming upon him, he has now no opportunity to redeem himself, and will, in a large majority of instances, set to work to put his property out of the reach of his creditors. If he goes down, he argues, he can never get up again, and self-preservation is the first law of nature. A fair bankrupt law would enable him to stop at once, to put all his property in the hands of his creditors, to pay as much as he could, and to commence again without an incubus of debt weighing him down. From dishonesty and fraud no law devised by human wisdom can entirely protect the creditor. But a good bankrupt law would afford him more protection than he at present enjoys, since it would enable him to take immediate measures for his protection whenever evidence of intended fraud should make itself apparent.

The lack of a uniform bankruptcy law deprives the community of some of its best commercial ability and business enterprise. To keep a man constantly out of business because he has once been unfortunate, or to compel him to resort to all manner of tricks and subterfuges to conceal his property and cover up his interests, cannot conduce either to the good of the creditor or of the State. The honest debtor, if he should become a bankrupt, would never fail to pay up his old obligations in full should he subsequently secure the means to do so. The dishonest man would never pay a debt at all if he could avoid it.

We have examined with some care the law which passed the present House at its first session and is now before the Senate. Its main provisions appear to be fair and just both towards the creditor and debtor, and it contains apparently stringent safeguards against fraud and dishonesty on the part of a bankrupt. At this period of our life as a nation it is eminently desirable that some uniform law should be given to the country, and the subject should claim the early and the serious attention of the Senate. It is one of the most important matters that remains before that body, and should be passed during the existing session, so that if any amendments to the bill are found desirable they may be acted upon by the present House, which has already maturely considered and thoroughly debated the subject.

Reconstruction at Hand.

From the Tribune.

We note with satisfaction the gathering at Washington of deputations from several Southern States representing diverse phases of opinion at the South. It can hardly be a year since the *Times* urged us to say why so loyal and true a Unionist as Colonel J. M. Johnson, of Arkansas, should not be admitted by the House to the seat whereto he had been unquestionably chosen. We now see that Colonel Johnson is in Washington to urge Congress, on behalf of the fire-tried Unionists of Arkansas, *not* to admit representatives from that State until she shall have undergone a radical reconstruction. And we trust—nay, we are sure—that he and his colleagues will be heard with profound attention. So, we doubt not, will that delegation which represents the other folks in Arkansas, who are a decided majority of the white, but perhaps not of the whole people of that State.

We trust the rival parties of every Southern State either are or soon will be represented at Washington. Let all have a fair hearing; but let them be admonished that time flies, and that less than two months of this Congress remain. If the rival delegations could confer with each other and agree as to the bases of reconstruction, they would signally facilitate the action of Congress. And why should they not at least *try* to agree? They are fated to be fellow-citizens, neighbors, often kinsmen; even if they desire to remain at war, that luxury is imperatively denied them. Will not the rival delegations from Arkansas set the excellent example of courteously conferring and trying to agree on a plan of reconstruction to be jointly submitted to Congress? Surely, the effort, if made in the right spirit, must be productive of good.

—Congress ought soon to indicate to the unrepresented States precisely what they must do. It will not do to let the session wear away without this. If any State shall not be called when the next House assembles for organization, it should be clearly and generally known why it is not, and that the fault is its own. Let there be light!

General Grant is reported as having expressed, at Governor Seward's dinner party on Saturday evening, his conviction that, if the Southern States should adopt the pending Constitutional amendment, they would be promptly restored, and no further conditions imposed. We do not so understand Congress. If those States *had* promptly and heartily ratified that amendment, we believe a majority would have felt morally bound to admit them thereupon. We *do not* understand that the Johnson organizations claiming to be States which have rejected the amendment—especially if, as in the case of Texas, they have treated it with marked indignity—should they now conclude to ratify it rather than take the chance of doing worse, would be regarded by a majority of either House as having established any right to recognition as legitimate by Congress. But, whatever the fact may be, Congress should promptly and unequivocally indicate it.

For our own part, and without presuming in any manner to speak for others, we must say that the ratification of this amendment by any State would form a very inadequate and imperfect basis of reconstruction. The vital matter, in our view, is security to every individual, however humble and despised, in his essential rights of person and property. Any reconstruction which does not guarantee the whites who have been Rebels against future arrests, arraignments, seizures, confiscations, because of their part in the Rebellion, and does not secure the blacks against such abuse, spoliation, enslavement, and butchery as many of them have experienced within the past year, will scarcely deserve its sonorous title. We see not how a true and lasting peace, a speedy restoration to comfort and thrift, can be attained on any terms less comprehensive than those of universal amnesty coupled with impartial suffrage.

Millions of acres of the best lands in the South now lie desolate and useless because their owners cannot procure the means of fencing and cultivating them. Those owners, being unpardoned Rebels, can neither sell part of their lands wherewith to obtain the means of cultivating the residue, nor can they borrow a dollar on all their possessions. We may say, nobody will ever trouble them; but our assurance will not warrant their deeds nor induce capitalists to lend on their mortgages. And, on the other hand, the Southern cities are crowded with blacks who are not wanted there, and are wanted to till the soil, but dare not go thither, dreading ruffianly abuse, if not murder. You may say they are timorous; but if the New Orleans massacre were among your bitter experiences, and your children were liable to be torn from you as those of the blacks legally are, even in *loyal* Maryland, you might see the matter differently.

What the country urgently needs is a full and final settlement, one that will unlock all its resources, and set all its people to work. It would make hundreds of millions' difference in the product of this year's industry if this could be secured forthwith. We do not judge that it can or cannot be achieved under the present State organizations, but we fervently wish it might be, for time is precious. And if Congress, on full view of the facts, shall deem it necessary to set these organizations aside, we entreat that its action be prompt and vigorous. Let justice to all be insisted on, at all events; but let the least possible time be spent in securing it. Delays are dangerous, and the future uncertain. Let us be wise and generous, while brave and confident, to-day.

The Industrial Condition of the Country —Measures of Relief.

From the Times.

The report of Mr. Commissioner Wells establishes conclusively the abnormal and disturbed condition of the industrial interests of the country. It proves that the prosperity in which we have exulted has been, after all, to a great extent unreal; and that, without any of the evidence of panic, our position should excite the gravest anxiety. Sound trade has been impaired by speculation; and, while limited classes have reaped rich harvests, the great body of the community have suffered from the change. The condition of affairs in these respects is too critical to be endured patiently. And having, by an elaborate investigation of facts, arrived at an understanding of the nature of the disease, Mr. Wells proceeds to discuss the merits of available remedies.

For some of the evils that exist legislation affords no relief. An act of Congress would be futile as a means of providing more skilled labor, or as a method of counteracting certain other disturbing elements that have grown out of the war. Two remedies are available, however, over which Congress has full control; one, the adoption of a policy of steady, persistent contraction, that the perils of an irredeemable paper currency may be brought to an end; the other a revision and reduction of the national taxation, with a view of relieving industry from intolerable burdens, and legitimate enterprise from the hindrances that now obstruct its progress.

Of the former of these remedies Mr. Wells speaks with a positiveness that is refreshing. He is persuaded that inconvertible paper currency is an unmitigated evil, of which the country should rid itself with no more delay than may be inseparable from the progress of gradual but unflinching contraction. He advocates the enforcement of the policy "to the greatest possible extent, and at the earliest possible moment compatible with the condition of the industrial interests of the country, and of the public obligations." As a general principle, there is nothing new in the suggestion. All but an inconsiderable minority of speculators favor a return to specie payments; the debatable points relating to the time within which the proceedings should be commenced and the measures that should be employed. It is with regard to these points that Mr. Wells' testimony is valuable.

He joins issue with the advocates of inflation at every stage of the argument. He denies that contraction, operating concurrently with a reduction of taxation, would prove detrimental to any producing interest. On the contrary, he asserts that "the influence of such a policy, seasonably announced, would go before it; prices would fall in anticipation of a diminished supply of currency, and with such a decline, the purchasing power of money would so increase as to keep the volume of circulating medium sufficiently ample to facilitate all needful and legitimate exchanges, and at the same time diminish the field of speculation."

The absurdity of the plea that the present circulation of paper currency is not more than equal to the increased requirements of business, is shown by a single fact. The highest amount required during the speculative months which preceded the break-down of 1857 was below $215,000,000. Now the circulation exceeds $700,000,000. Admitting that some increase is required by the permanent addition to business, and by the peculiarities of business consequent upon the war, Mr. Wells expresses the opinion—as one of the results of his investigation—that the $300,000,000 which the national banks are authorized to issue are adequate to all present *bona fide* wants. The enormous excess now in circulation may, therefore, be called in not only without injury to the trade and industry of the country, but with manifest advantage to both. "The retaining of the present amount of currency in circulation," remarks Mr. Wells, "tends to increase no business except what is speculative, and to check the very development which is expected to prove remedial." The addition to the annual burden of interest which the conversion of non-interest-bearing notes into bonds would entail, would be more than compensated by the abatement of the evils of fluctuation and uncertainty which are inseparable from a superabundance of inconvertible currency.

To render contraction more easy, and to increase the relief which it is designed to afford, a reduction of the national taxation is necessary. Obviously, therefore, the extent to which the latter remedy is applicable is contingent upon the extent to which the load of annual taxation may be diminished.

Mr. Wells differs somewhat from the Secretary of the Treasury in his estimate of the probable revenue receipts for the fiscal year 1867-8, under the operation of existing laws. His estimate is $455,000,000. Accepting Mr. McCulloch's statement of probable expenditure, an available surplus of $105,000,000 may be calculated upon. This estimate presupposes a continuance of existing defects in the making of collections—defects so formidable that, according to the Revenue Commission, less than one-half of the legitimate internal revenue finds its way into the Treasury. These frauds prevented—as surely in some degree they might be—the available surplus would be yet larger. We must take things as they are, however, and these, as we have said, will, in Mr. Wells' opinion, leave a margin of $105,000,000.

In his treatment of this surplus, Mr. Wells makes one of the few striking mistakes that are discernible in his report. For he proposes to appropriate fifty millions to the reduction of the principal of the public debt, and to limit the reduction of taxation to an estimated aggregate of fifty-five millions; instead of using the whole amount to relieve overburdened industry, and to extricate business from the embarrassments which now encompass it.

The exhausting, oppressive burden of the country is its taxation. The public debt, large as it is, is not in excess of the national resources. The country may carry it with comparative ease, and under the law of natural development its redemption may be looked forward to with confidence. No one doubts either the ability or the will of the country to pay every dollar. But it is not a task on which we can at present afford to enter; while the lessening of the burden of taxation is a duty that ought not to be neglected, unless we are prepared to see the sources of our growth tapped and undermined. We suffer, not from the amount of the debt, but from the amount of taxation. And our whole effort should be directed to the reduction of the latter, that the prostration which threatens us may be averted, and the means of ultimately redeeming the debt may be made more sure.

Mr. Wells, indeed, concedes the general soundness of this view. "A careful study of the whole subject of the national revenues," he says, "and an extended inquiry into the industrial condition of the country, has led the Commissioner unhesitatingly to the conclusion that a rapid reduction of taxation rather than a rapid reduction of the principal of the public debt is at present the true policy of the Government, and that the adoption of this course, so far from protracting the time at which the national debt can be discharged, will, on the contrary, greatly accelerate it." Why, then, depart from "the true policy" in the disposal of the $105,000,000 estimated surplus? If Mr. Wells' exposition of the condition of the country is correct (and his facts seem to us irrefragable), the utmost possible relief is required. Every dollar taken off the taxes is a benefit to legitimate trade; every dollar needlessly retained is an injury which it cannot continually bear. Why not carry out a principle confessedly sound? The ears of the groundlings are tickled, no doubt, by financial exhibits which indicate the diminution of the debt. It would be a glorious circumstance, unquestionably, were we able to astonish the world by paying off the debt with a speed second only to that with which it was created. But the process would be fatal to the taxpayer. Even now we endanger the goose that lays the golden eggs. Industry languishes under the infliction. Trade is crippled and in jeopardy. And, therefore, to secure the largest possible measure of relief, and to give full effect to the principle laid down by Mr. Wells, let the entire amount of available surplus be devoted to the reduction of taxation, deferring the redemption of the principal of the debt to the period when the country shall have been restored to a normal and settled condition.

Meanwhile, Mr. Wells confines his recommendations within the fifty-five millions which he would save from the amount of taxation. He proposes a reduction from five to three per cent. in the tax on the products and sales of manufacturing industry, "and a corresponding reduction in specific taxes levied on analogous branches of industry;" and a reduction of the two and a half per cent. tax on the gross receipts of sugar refiners to one and a half or one per cent. He proposes, further, the removal of all direct internal taxes upon certain manufactures, of which bar, plate, and sheet iron, steel, and salt are the chief. These changes, which are confined to internal taxation, would probably absorb $35,000,000, leaving about twenty millions available for Tariff reductions.

Mr. Wells' initial point in this plan of tariff reform is that which experience has proved to be more favorable to manufacturing industry than any prohibitory duties that were ever imposed. He urges the lowering of duties on raw materials to the lowest point consistent with the requirements of the revenue; and of "placing upon the free list such raw materials, the product mainly of tropical countries, as are essential elements in great leading branches of manufacturing industry, and do not come in competition with any domestic products." This statement of the principle is less broad than it might have been. It is, in fact, a restricted application of the doctrine which has elsewhere worked advantageously. We must not forget, however, that Mr. Wells has not felt himself at liberty to entirely disregard the opinions of Congress; and that it may be inexpedient to push the principle to its extreme limit until the industry of the country shall have emerged from the present transition state.

The proposition, qualified as it is, necessitates the discussion of the general question of protection in relation to the agriculturist. Mr. Wells maintains that "there can be no practical protection to the American agriculturist, except what he receives from the existence and extension of American manufactures." And as the interest of the manufacturer demands the untaxed admission of the raw materials of his manufacture, it follows that the loss entailed upon our farmers by competition with the raw products of other countries will be less than the gain resulting from the extension and prosperity of manufacturing industry. Wool, flax, and wheat furnish illustrations of the working of this economic law; and a very suggestive statement of results produced by the abrogation of the Reciprocity treaty shows that the American agriculturist had been injured and not benefited by a change effected under the pretense of protecting home industry.

It is contended, then, that an increase of the tariff on the scale contemplated by the House bill of last session would be worse than useless as a remedial measure. Instead of relieving industry, it would subject it to more grievous burdens; instead of stimulating national development, it would damage trade by prolonging the condition of instability; instead of aiding the Government and strengthening public credit, it would weaken the gold resources of the Treasury by lessening importations, and would render the much-needed revision of the internal revenue system impracticable.

An increase of duties is sought in behalf of special interests, while the evils which now weigh down industry and commerce are produced by general causes, which call for general treatment. "The evil is a radical one, confined to no one section and to no one interest; the remedy must, therefore, be also radical." The country complains of high prices; but an increase of customs' duties would force prices yet higher. Should the wool growers and the wool manufacturers obtain the prohibitory duties they seek, Mr. Wells calculates that the immediate increase in the price of woollen commodities would be equivalent to the addition of $35,000,000 to the annual taxation of the domestic consumers. All other forms of labor and commodities would be correspondingly enhanced, "thus aggravating the very evil which in the outset it was intended to remedy, and necessitating a further increase in the volume of currency in order to facilitate exchanges at a higher level of prices."

Wounded Honor.—A duel between General Clam-Gallas and Marshal Benedek is spoken of at Vienna.