The Democratic Watchman.

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A GRAND SCHEME TO ROB THE PEOPLE.

Another Bonus of Six Hundred Millions to the Bondholders.

SPEECH

OF

Hon. Samuel S. Marshall, of Illinois,

DELIVERED IN THE

House of Representatives. July 21, 1868.

Mr. SPEAKER: I regret that I have not had time to mature and thorougly digest the views I desired to present on this important question, and to present clearly all the facts and figures which I deem important for its proper understanding and elucidation. The importance of the question cannot well be exaggerated. It involves at the same time the honor, character, and good faith of our Government and the happiness and well being of our people. Its discussion brings prominently to view the issue made up on financial questions by the two great parties struggling to gain control of our Government by the verdict of the people in November.

POSITION OF THE DEMOCRATIC PARTY ON THE DEBT QUESTION

On the one hand, the Democratic party regard the public debt, not as a "public blessing," but as a public curse, weighing like an incubus upon the energies of the people, eating up their substance, and demoralizing and destructive in all its influences upon society. They propose to get rid of it just as soon as possible, consistent with the rights and interests of the people, and the honor and good faith of our Government. They insist that the bondholder shall not be a peculiarly privileged class, but shall be subject to taxation, and shall receive for obligations due him the lawful money of the United States, just precisely as any other citizen, excepting always those cases where the Government has agreed by its contract, or by law, to pay him in coin. They will pay the interest on the five-twenty bonds in coin, because their Government, in its contract, has agreed that it shall be so paid; they will pay both principal and interest of the ten forty bonds in coin for the same reason; but they will pay the principal of the five-twenty bonds with the legal tender currency of the United States, and thereby stop forever the ruinous coin interest we are paying thereon, because it was that currency, greatly depreciated below its present value, that we received for the bonds when the loan was made, and more especially because by the contract the public creditor has neither a legal nor equitable claim to be paid in any other way. This, I think, is unquestionable, and this I shall endeavor hereafter to demonstrate. We do not propose, as is contemplated by this most suicidal—I am almost tempted to say most infamous—act, without any consideration or claim of justice whatever, to increase this debt one-third, or, in other words, vote the bondholders a bonus of nearly six hundred millions in gold, and then, by an inexorable and irrepealable decree, fasten this accumulated debt upon our country for a period of forty years, with interest in gold, to be paid semi annually during all that time. I cannot see the justice or propriety of thus increasing and perpetuating the burdens of a patriotic people, already nearly driven to despair by the public demands upon their scanty means, and the unhappy financial condition of their country.

POSITION OF THE RADICAL PARTY ON THE PUBLIC DEBT

On the other hand, as already indicated, the Radical party now and for the last eight years unfortunately having absolute control of the Federal, and nearly every State Government, after having, by their extravagance and unparalleled corruptions doubled the indebtedness of the country, are making herculean efforts to perpetuate their power and increase their ill-gotten gains. They have placed in the van, as their standard bearer, a speechless sphinx, enveloped in a cloud of Tobacco smoke, who, professes no principles or political convictions himself, promises most obsequiously to obey the behests of his party. And you now propose by this bill to convert a debt approaching two thousand million dollars, now payably in legal tender notes, into bonds running forty years, payable in gold, exempt from all taxation, and the interest during all that time payable year by by year in gold, to be coined from the sweat and toil and groans of an impoverished people.

You have arrayed yourself on the side of the bondholders and the capitalists against the interest and rights of the taxpayers, and to give plausibility to your position raise the wolf howl of repudiation against the people, who demand equal and exact justice for all; and indulge in stale platitudes about public faith and maintaining the public credit, when it is by your own extravagance and corruption that the public credit has been imperilled.

RADICAL PLATFORM ON FINANCIAL QUESTIONS.

There is an attempt in the platform adopted at Chicago to sugar coat the purposes of your party by the use of popular and *ad captandum* phrases, and thus to make them acceptable to the tax-ridden portion of your followers. I will read from the platform all that is said upon the financial issues:

"Third. We denounce all forms of repudiation as a national crime, and national honor requires the payment of the public indebtedness in the utmost good faith to all creditors at home and abroad, not only according to the letter, but the spirit of the laws under which it was contracted.

"*Fourth.* It is due to the labor of the nation that taxation should be equalized and reduced as rapidly as the national faith will permit.

"*Fifth.* The national debt, contracted as it has been for the preservation of the Union for all time to come, should be extended over a fair period for redemption, and it is the duty of Congress to reduce the rate of interest thereon whenever it can possibly be done.

"*Sixth.* That the best policy to diminish our burden of debt is to so improve our credit that capitalists will seek to loan us money at lower rates of interest than we now pay, and must continue to pay, so long as repudiation, partial or total, open or covert, is threatened or suspected."

It is, of course, understood by all that this "covert repudiation" so boldly denounced refers, to the proposition of the Democratic party to pay the five twenty bonds, constituting the principal part of our indebtedness, in our present "greeback" currency. And according to this platform the natianal debt is not only to be paid all in gold, *principal* and interest, but the principal must not be paid now at all, but must "be extended over a fair period for redemption," and this fair period, according to the bill before us, is forty years, during which we will have no right to pay the principal, but must continue to coin our toil and sweat muscles into gold semi annually to pay the interest, until we all now on the stage of action go down to our graves.

DEMOCRATIC PLATFORM ON FINANCIAL QUESTIONS

In contrast with this bondholders' platform, I turn with pride and pleasure to the bold, clear, ringing, patriotic enunciations of the Democratic platform upon the same questions, adopted in New York at our recent National Convention. I will read them, that all Radicals may blush at and all Democrats glory in the contrast presented by the two platforms:

"*Third.* Payment of the public debt of the United States as rapidly as practicable; all moneys drawn from the people by taxation, except so much as is requisite for the necessities of the Government, economically administered, being honestly applied to such payment, and where the obligations of the Government do not expressly state upon their face, or the law under which they were issued does not provide that they shall be paid in coin, they ought, in right and in justice, to be paid in the lawful money of the United States.

"*Fourth.* Equal taxation of every species of property according to its real value, including Government bonds and other public securities.

"*Fifth.* One currency for the Government and the people, the laborer and the office holder, the pensioner and the soldier, the producer and the bondholder.

"*Sixth.* Economy in the administration of the Government; the reduction of the standing army and navy, the abolition of the Freedmen's Bureau, and all political instrumentalities designed to secure negro supremacy; simplification of the system and discontinuance of inquisitorial modes of assessing and collecting internal revenue, so that the burden of taxation may be equalized and lessened; the credit of the Government and the currency made good; the repeal of all enactments for enrolling the State militia into national forces in time of peace, and a tariff for revenue upon foreign imports and such equal taxation under the internal revenue laws as will afford incidental protection to domestic manufactures, and as will, without impairing the revenue, impose the least burden upon and best promote and encourage the great industrial interests of the country.

"*Seventh.* Reform of abuses in the administration, the expulsion of corrupt men from office, the abrogation of useless offices; the restoration of the rightful authority to and independence of the executive and judicial departments of the Government, the subordination of military to civil power to the end that the usurpations of Congress and the despotism of the sword may cease.

There is no equivocation, no disguise. We propose to place the bondholders, the capitalists, the wealthy classes upon an equality as to taxation and otherwise with the laborer, the farmer, and the artisan. We will not admit his claim that merely because he is a bondholder, without any contract to that effect, he has a right to be paid in gold, while the pensioner, the soldier and the producer must be paid in a depreciated currency. Where he has no contract for coin we will pay him in the lawful currency of the United States, just as every other debt of our country is payable, and by economy in the administration of the Government, reduction of the army and navy, abolition of the Freedmen's Bureau, making the lazy vagabond negroes that are now being fed and clothed at public expense go to work, and thus become producers instead of consumers, and by the reform of a thousand similar abuses that have crept into the public administration, we will have a large sum the very first year to be applied to the payment of the principal of our indebtedness, thus not only liquidating the principal, but getting rid of the interest thereon forever. Thus each year, the interest being less than the preceding year, the amount to be applied to the payment of the principal will be greater; and getting started in the right direction, our enormous public debt will dwindle before the sturdy blows of a wise and economical administration, as the iceberg disappears beneath the rays of a tropical sun. It can be demonstrated that it is perfectly feasible to pay off the entire debt without increase of taxation or inflation of the currency within twelve or fourteen years at the furthest. What a happy deliverance that would be, and how proudly we would stand forth in the presence of the world when emancipated, redeemed, and disenthralled from our slavery to the bondholders and capitalists of Europe, and which thraldom you now propose deliberately to perpetuate.

Why should this be done? Why should our entire public indebtedness be now converted into gold bearing, non-taxable bonds, the payment of the principal of which is to be postponed for thirty or forty years? I wish to be perfectly decorous, and to use no unparliamentary language. But this seems to me, Mr. Speaker, like a bold attempt to mortgage our country, the present generation with their children, to capitalists and to the wealthy lordlings of *Europe.* I can never give my assent to any such scheme, and I now protest against it, and denounce it as most unjust, unholy, and ruinous to the best interests of our country.

If there was a necessity for postponing the payment of any part of the debt for thirty or forty years, a judicious and feasible plan for reducing the interest would be worthy of commendation. But when, by a judicious and proper administration of our affairs, we can pay off the principal, and thus get rid of the entire interest forever, it would be most suicidal to execute this new mortgage upon the resources of our country.

FUNDING BILL GIVES A BONUS OF SIX HUNDRED MILLIONS OF DOLLARS TO THE BONDHOLDERS.

I have said that you by this bill propose to give the capitalists and bondholders a bonus of near six hundred millions, without any consideration whatever. Let me be more specific. On the 1st day of June last, being the last official statement we have had of the public indebtedness, the five twenty bond debt amounted to $1,494,755,600, and the debt bearing currency interest, most of which is being rapidly converted into five twenties, was $203 117 540, making in the aggregate $1 697 873,140, all of which, under existing laws, is legally and equitably payable in greenbacks. Let us, for the sake of simplicity in the *calculation*, estimate the discount on legal tenders as against coin at only thirty per cent. The above sum would at that rate represent a gold indebtedness of $1,168 511,198, and could be paid off with that sum in coin. But you now propose to issue new bonds, free from all taxation, running forty years, with interest semi-annually, principal and interest in gold, for the full amount of $1 697 873, 140, thus adding to our indebtedness, at one fell swoop, $569, 361,942 in gold, equal to $662,170,521 in currency. I have placed the present discount on our currency too low, and, consequently, the nation's loss by this scheme is underestimated. But this sum as I have stated it, which you propose to do worse than give away, or cast into the sea—for you fasten it, with interest in gold, upon us for forty years—amounts to nearly four times as much as the entire expenditures of the Government on land and sea, from the adoption of the Constitution to the close of the last British war. And this is your pet financial measure, which you have kept back to the closing days of the session and which you expect, like charity, will cover a multitude of your past sins against the people.

"COVERT REPUDIATION."

But, says the loyal Chicago platform, "this is open, or, at least, covert repudiation." The claim and the attempt to thus pay these loyal bondholders, "who saved the life of the nation," is infamous and will make us bow our heads in shame and disgrace before the nations of the earth. True, these bondholders paid the Government for the bonds when they got them in currency only worth from forty to fifty cents on the dollar, and they have been receiving six per cent thereon in gold ever since; true, greenbacks are good enough money for the soldier, the laborer, the farmer, the merchant, and the pensioner, but to offer anything less than gold to these loyal bondholders is "covert repudiation," and "will brand us with infamy throughout all time." And this wolf howl is raised from one end of the land to the other to intimidate the people to submit to this outrageous robbery, and induce them to yield tamely to the avaricious demands of the money-lords.

"Show me," says the polite, elegant, and "loyal" Vice President, Ben Wade, "a man who favors paying the bonds in greenbacks, and I will show you a penitentiary bird." "The claim of the bond holders to be paid in gold," says the "loyal" president of the Convention that nominated Grant, "is as sacred as the graves of our soldiers," and this sentiment is echoed through the "loyal" press from one end of the land to the other.

"THE DEBT A 'SACRED' ONE."

And why is the debt more sacred in its character, and to be paid in gold, when all others are paid in the lawful money of the United States? Government called for the services of a million soldier, and promised them so many dollars in monthly pay and bounties therefor. It has promised to pay the maimed soldiers: and the widows and orphans of those who died in battle pensions in dollars. It makes its contracts daily for thousands and millions of dollars for supplies for the army and navy, and other branches of the public service. These are all sacred obligations, and yet who thinks of receiving their pay in anything but the legal-tender, lawful money of the United States? This is good enough money for every other class of cerditor, public and private; but to pay it, or propose to pay it, to the "loyal" bondholder, is "covert repudiation," forsooth. Why is it so? "Oh, the contract, or at least the understanding at the time the bonds were sold, was that they should be paid in gold." I deny both these propositions, and as much will be said on this question during the canvass, and great efforts will be made to mislead the people, I propose now to submit the proofs.

REPUDIATION BY THE RADICALS

I might, however, before going into the main question, here add that the very men who, in the interest of the bondholders, are so eager in their cry of repudiation, have themselves in numberless instance been guilty of not mere "covert," but open and barefaced repudiation. For instance, the first great loan made by our Government after it found itself involved in war—the seven thirty three years' loan of July, 1861—$139,969,850 in amount, was taken in gold, (the Government receiving gold on every dollar thereof,) and was paid by the Government at maturity in greenbacks and bonds at a lower rate of interest, with principal payable in greenbacks. Over six hundred thousand dollars of this loan were paid in that currency. Those who took this loan and paid their gold into their Treasury were legitimate business men, who, from patriotic motives, came forward in that hour of gloom and despondency to the support of the Government, and gave their means freely and willingly for its maintenance. But they had not formed a "loyal" ring, and we heard no outcry against the repudiation of the obligations of the Government to them.

And at the passage of the legal tender act of February, 1862, there were many millions of private debts throughout the United States, which, when contracted, were payable in coin, but for which the creditors were compelled to receive greenbacks at a great discount. Here was wholesale repudiation, both public and private, by the party now who are so eager to "maintain the honor of the country." But my business now is with the five-twenty bonds constituting the principal portion of our present indebtness, and for which you now propose to issue bonds payable in gold, non-taxable and running forty years. I propose to prove beyond all questions that.

THE HOLDERS OF THE FIVE TWENTY BONDS HAVE NEITHER A LEGAL NOR EQUITABLE CLAIM TO PAYMENT IN ANYTHING BUT GREENBACKS.

On the 25th of February, 1862, Congress, to provide means to carry on the war passed a law, the first section of which provided for $150 000,000 of legal tender notes, the language of which, as to their purpose and character, is as follows:

"And such notes herein authorised shall be receivable in pay ent of all taxes, internal duties, excises, debts, and demands of every kind due to the United States, except duties on imports, and for all claims and demands against the United States of every kind whatsoever"—

Except what?

"except for interest upon bonds and notes, which shall be paid in coin; and shall also be lawful money and legal tender in payment of all debts, public and private, within the United States, except duties on imports and interest as aforesaid."

Language could not well be more clear and explicit. This new money thus authorized is by express terms to be "receivable in payment" "for all claims and demands against the United States of every kind whatsoever, except for interest on bonds and notes, which shall be paid in coin." And it should be noted and remembered that it is only by virtue of this exception that the interest on the bonds authorized by this law is payable in coin.

The second section of this act authorizes the issuance of $500,000,000 of bonds, registered or coupon, payable at the option of the United States in five years, and in twenty years at all events, and bearing six per cent interest, payable semi-annually. This is the act authorizing the issuance of the famous five twenty bonds. There is not a word here said as to the money in which these shall be paid, and were it not for the exception contained in the previous section authorizing the issue of this new lawful money, the interest as well as the the principal of the bonds would most clearly be payable in the legal-tender Treasury notes. And that there might be no misapprehension or misunderstanding on the subject, the Government published broadcast to the whole world that these notes were receivable for "all debts except duties on imports and interest on the public debt." Every man in the United States, indeed throughout the world, who received or handled one of these "greenbacks," found printed in clear, legible characters, on the back thereof:

"This note is a legal tender for all debts, public or private, except duties on imports and interest are on the public debt."

If the law itself has not been sufficient notice to all the world, here was an additional notice more extensively published and circulated than any that has heretofore been given to mankind. And it was, in fact, this very money that was loaned to the Government with this notice on the back of each note when the five twenty bonds were sold. And it is demonstrable that the creditors when the loan was made, and the bondholders into whose hands these bonds have passed, have all understood at all times that the principal of the bonds were payable in the legal tender notes.

On this subject I find an argument cogent and explicit, made in December last by a "loyal" member of this House [Mr Broomall,] who I am sorry to find now favors the payment of these very bonds in gold, and will, I suppose, in obedience to the behests of his party, support this bill of iniquity now before us for consideration. I will give here his argument on the subject, which I defy even the learned gentleman himself now to answer.

"It makes no difference in the legal rights of these parties that this new kind of money was adopted before they loaned to the Government, and was the very kind of money which they did loan to the Government, but it takes from them all cause of complaint upon the score of fairness. If we had borrowed when gold was the only lawful money, and had afterward created a different species of less value to pay in, we might have been accused of foul dealing, though in doing so we would only have followed the repeated example of Governments older than ours and of much greater pretensions.

"Can the creditor complain that he had no notice of the new money, when the very act that authorized the loan created the new money? Can he complain that he had no notice when he loaned the new money, every note of which told him in language which he could not mistate that he must take all his pay in it except the interest? He hoped the new money would soon be as good as coin, but he knew that it might not be. In taking the bond he took that risk, and, as I will show, he took the bond at a rate which fully paid him for the risk. If the Government owes the money in gold, it should pay it in currency. It is just as bad faith to pay the money of the people to those who are not entitled to it as to refuse to pay it to those who are. We administer this money as trustees, and bad faith toward the *cestui que* trust is worse, if different at all, than bad faith toward a stranger. Now, admit the agents of the Government who negotiated the loan promised the lender that the principal should be paid in gold. I admit that the chief one of them, Mr. Jay Cook, in a letter which was published at the time, even went so far as to say that Congress had already made provision for the payment of the principal in gold. It is not pretended that these agents had legal power to vary the contract, but it is said that Congress, the only body authorized to bind the Government in the premises, acquiesced in the declaration of the agents by silence. Truly a novel mode of binding the Government to pay money. Hardly even as ingenious invention in the way of legislation. But was Congress silent? It had already spoken in the enactment that authorized the loan. It is constantly speaking that enactment, published as it is to the world, and make legal and binding, and continuing notice to everybody. More than that: Congress circulated far and wide, on the back of every legal tender note issued, its notice that the principal of these bonds was to paid in currency and its caution to everybody not to believe the false promises of these agents.

"Now, I would very much regret to believe that the holders of the bonds took them under a misapprehension that Government had bound itself to pay the principal in gold. But did they do so? Where they deceived; or rather did they not know that these agents were hired to sell the bonds for a commission upon the amount sold?

"What I propose to show is, that the original holders of the loan to it as one, the principal of which was to be paid in currency, and that the loan has since that time passed from hand to hand in the markets of the country and abroad, and is at this time passing as one, the principal of which is to be paid in currency.

"The bonds which are now maturing at the option of the government were issued pursuant to the act of February 25, 1862. They were made payable in five years, though not demanable until the expiration of twenty. This was the act which created the new money, the legal tender notes, called currency to distinguish them from coin, though with no great propriety. The loan, amounting to $514,780,500, was all taken in currency, and at par. I do not remember at what date after the passage of the act the negotiation began probably about July 1. 1862. Up to June 30, 1863, $168,880,250 had been negotiated. An additional amount of $341,900.250 was negotiated during the year ending June 30, 1864, and the remaining $4,000,000 during the following thirteen months.

"Now during the year ending June 30, 1863, the average price of gold was $187,88, and as the interest was payable in coin, the average rate of interest at which the loan was taken during that year was $8 27 per $1009. This was the rate which the lenders had a right to expect, but the rate actually received for that was still more. The average price of gold in the November and May following, when the interest was payable, was $163,75; so that the rate actually received for that year was $9 82 per $100. And all this, too, was over and above all taxation, except the small pittance of income tax, amounting to but thirty cents per $100 of loan.

"The average price of gold during the year ending June 30, 1864, the year in which nearly all the remainder of the loan was taken, was $158,08. The rate of interest, therefore, which the parties had a right to expect was 9.48½, and the rate actually received, governed by the average price of gold in November and May of that year, was $9 78½.

"If the advocates of this claim of the five twenty bondholders are to be believed here was a contract under which the Government borrowed $100 at an average rate of $9.08 per annum, with a promise to pay $151 83 at the maturity of the bond if the currency system should continue the same, and with no possibility of loss if it should not.

"Now, sir, bear in mind that during all this time there was the usual amount of borrowing and loaning going on in the community a six per cent for permanent loans, payable, both interest and principal, in currency; loans which were subject to United States, State, and municipal taxation, to more than six times the amount of income taxation on the public bonds.

"Were the people afraid to trust the Government? Why, it could purchase in the markets on time on the same terms with individuals. All its promises to pay in currency passed even on more favorable terms than the average similar ones of individuals. Its gold certificates which were promises to pay gold, always passed for about the price of gold. More than all this, the public faith in the Government fulfilling its promises to the letter was tested and proved by placing the seven-thirty notes in the market side by side with these bonds. The notes bore a less rate of interest than the bonds. They were avowedly payable, principal and interest in currency. Yet they were taken at par, and with great avidity. You will say they were convetible into the bonds. True; and this might make them as good as the bonds, but no better. Yet they were taken in prefference to the bonds, and difficulty was experienced in inducing the holders to part with them for the bonds.

Upon this branch of the argument, therefore, we have the facts that the original holders paid for the bonds in currency; they took them at a price which could only be justified upon the hypothesis that the principal was to be paid in currency; they had before them the acts of Congress which expressly told them that the principal was to be paid in currency; they took them at the same rate and side by side with the obligations of the Government known to be payable in currency and bearing a less rate of interest; and, finally the gold certificates of the Government always sold in the same market for the price of gold. If after all this, anybody will say that these original holders believed the Government to be bound to pay the principal in gold at maturity, he will exhibit less faith in the intelligence of the bondholders than I have."

And it is clear as any proposition can be that the bondholders have always understood the law and the obligation of the Government just contend it to be and they so understand it now. Look at the intelligence flashed across the Atlantic, giving us daily information of the market value of our five-twenty bonds in Europe. The English three per cent bonds are quoted at nearly par while our six per cent, bonds, on which we pay the interest regular in gold, is quoted at about seventy per cent.—or thirty per cent discount. We have never failed for an instant to pay the interest faithfully and punctually. The ability and good faith of our Government are doubted nowhere. Six per cent. is a large interest in Europe, and yet our six per cent. bonds are, and have been all the time, at about thirty per cent discount. This can be only accounted for on the ground that the bondholders do now, and have all the time known, that we have at any time after five years from the date of the bond a perfect and unquestionable right to *pay the principal of these bonds* in currency, now worth about seventy cents to the dollar, and thereby stop the interest thereon forever. And they never would have thought of being paid in any other way if it was not for the wolf cry of the astute and excessively loyal politicians of the Radical party. They have now very willingly formed a "ring" with the bondholders' condidate and the bondholders' party, and would very gladly divide with them this six hundred millions which is proposed, by this most bold and atrocious robbery of any age, to filch from the already burdened and over-taxed people of our country.

CAN WE PAY THE DEBT IN GREENBACKS WITHOUT RUINOUS INFLATION?

"But," says my loyal friend, "how do you propose to pay our debt in greenbacks? We have now in circulation only $356,000,000 in legal-tender notes. How can you pay a debt of $2,500,000,000 with that? If you put the paper mills to work and grind out $2,000,000,000 more in legal tenders, and thus pay the debt at once, you will flood the country with a depreciated and irredeemable currency, and bring disaster and ruin to every branch of business in the country."

Now, those who talk in this way either do not know what they are talking about, or they are trying willfully to deceive the people. When it is asked how we will pay our debt with greenbacks without a further or ruinous issue thereof, I might with greater propritey ask my "loyal" friend how he expects to pay the debt in gold. There is, in fact, no gold in circulation among us as money. It is known to all intelligent observers that there is not in the United States to-day exceeding two hundred millions of gold, including the one hundred millions or thereabouts in the Federal Treasury. Our gold coin has become a mere commodity, instead of being used as a circulating medium. There is no demand for it among ourselves, save for imports, neither is it hoarded here. But the demand from abroad is in excess of our supply. Indeed, if we possessed all the gold that has been coined in the United States from the foundation of our Government, it would fall far short of paying our national debt. Ours has been the principal gold producing country, and yet the gold coinage of the United States, from 1793 to 1866 amounts to only $845 536,591, not enough, if we now had the whole of it, to pay one-third of the audited and ascertained public debt. But ours is and has ever been a gold-exporting country, and as I before stated, we now have not in the entire country more than two hundred millions of dollars in gold, while our national indebtedness amounts to twenty-five hundred millions, and we annually export more than we produce. The production of California does not exceed $50,000,000 per annum, while there were exported to Europe—

In 1866	$86,041,071
In 1867	60,975,186

I have not the date to give the export for the present year up to this time. For January it was reported at $8,000,000, or at the rate of ninety six millions for the year. But as our supply is exhausted, I do not suppose it will much exceed the production of our mines.

With these facts before us, I again ask my loyal friend how he expects to pay these bonds in gold? If he admits that it cannot be done, and yet insists that we have no right to pay in anything but coin, it is he, and not I, that is the practical repudiator. But no man who has brains enough to count a hundred expects to liquidate this enormous debt at one time or by one single payment, and no sane man proposes to issue greenbacks merely for the purpose of paying the bonds therewith. We do not ask for an inflation of the currency. We do not argue that it would be right, wise or just, voluntarily to produce such inflation, nor do we purpose any such thing.

ALL RADICAL FINANCIAL MEASURES HAVE BEEN MISERABLE BLUNDERS & FAILURES

We ask you to stop your wolf cry of repudiation when we propose in good faith to pay these five-twenty bonds in strict compliance with the contract made by the Government, and to listen to us while we show how this can be easily done without taxation. All your financial schemes and measures are confessedly miserable blunders and failures, and notwithstanding the enormous sums wrung from the people by taxation, the public debt now, in a time of profound peace, is actually increasing at the fearful rate of nearly ten million dollars per month, and the debt bearing coin interest is increasing at a still more fearful rate. Let me give the figures from the official reports of the Secretary of the Treasury:

THE PUBLIC DEBT NOW RAPIDLY INCREASING

Debt bearing Coin Interest.

On the 1st of June, 1868, the debt bearing coin interes was	$2,020,827,841 89
On the 1st of May it was	1,963,378,291 80
Increase in one month	$57,449,550 00

Entire Debt

June 1st, 1868, the entire debt, less the cash in the Treasury was	$2,510,245,886 74
On the 1st of May it was, less the cash in Traes'ry	2,500,528,827 56
Increase in one month	$9,717,059 18

Thus it seems that the increase in the public debt for the last month of which we have any official information was nearly ten million dollars, while for the same month the increase in the debt bearing gold interest was over fifty-seven millions, or at the rate of nearly two millions per day. It is rumored, and currently believed, that if a report had been made from the Treasury Department on the 1st of July, it would have shown a still more fearful increase in our public liabilities. I cannot see how our financial affairs could well be worse managed than they are under Radical policy; and it seems that when you have so utterly and so completely failed, you might listen with some respect and some diffidence in your own infallibility to those who propose to show that all those evils can be easily and speedily remidied by the introduction of reforms, plain, simple, and easily understood.

The five twenty bonds outstanding on the 1st day of June amounted to $1,494,755,600, the annual interest on which amounts, in gold, to $89,645,886. The principle of this debt is clearly payable in legal tender Treasury notes, as I have heretofore demonstrated. If we can pay this debt and get rid of this heavy burden of annual interest, the residue of the debt will scarcely be felt, and can easily disposed of. That this can be done I propose now to show.

As I have already stated, no one expects to pay this debt at one time or in one year. In fact there is scarcely sufficient gold coin in the whole world to pay our public debt in one payment. And we do not expect, whatever we may use as money, or for a circulating medium, to have in circulation, or to put in circulation at any time, an amount of it equal to our present indebtedness. We do not think this desirable. But every one who knows that when business is active and the country prosperous, one dollar kept actively employed, and passing from hand to hand, may in one year supply the medium of exchange for

[CONTINUED ON THIRD PAGE.]