GIBSON PEACOCK. Editor.

OUR WHOLE COUNTRY.

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The public debt on the first day of November, 1867, amounted to \$2,491,504,450, and consisted of the following items:

Amount of debt less cash in the Treasury 2.491.504.450 © On the first day of November, 1658, it amounted to \$2,527,129,452 82, and consisted of the follow-

Amount of debt less cash in the Treasury. 2.537,129.543 as By a comparison of these statements it appears that the debt, between the first day of November, 1867, and the first day of November, 1868, increased \$35,625,102 82. Of this increased \$35,625,102 82. Of this increased \$24,152,000 is chargeable to the Pacific railroads and \$7,200,000 to the purchase of Russian America. Within the same period, there was paid for bouncies \$44,060,515, and at least \$4,000,000 for interest, on compound and seven three-tenth notes, which had accrued prior to the 18t of Nov., 1867. If these extraordinary advances and payments

18,237,638 63 402,385,677

2,641,009,672 66 115,872,019 56

Debt bearing coin interest ...

Cash in the Treasury......

do. cursency do.
Matured debt not presented for payment.
Debt bearing no interest.

Total. Cash in the Treasury.

VOLUME XXII.—NO. 207.

PHILA DELPHIA, WEDNESDAY, DECEMBER 9, 1868.—TRIPLE & TEET.

REPORT

OF THE

SECRETARY OF THE TREASURY

THEASURY DEPARTMENT, December 1, 1868 .-In compliance with the requirements of law, the Secretary of the Treasury has the honor to make to Congress the following report:

In his former communications, the Secretary

has expressed so fully his views upon the great subjects of the currency, the revenues and the public debt, that it may be thought—quite unnecessary for him again to press them upon the cessary for him again to press them upon the attention of Congress. These subjects, however, have lost none of their importance; on the con-trary, the public mind during the past year has been turned to their consideration with more absorbing interest than at any former period. The Secretary will, therefore, he trusts, be pardoned for restating some of the views heretolo

presented by him.

If there is any question in finance or political economy which can be pronounced settled by argument and trial, it is that inconvertible and depreclated paper money is injurious to public and private interests, a positive political and finan-cial evil, for which there can be but one justification or excuse, to wit: a temporary necessity arising from an unexpected and pressing emergency; and it follows: consequently, that such a circulation should only be tolerated until, without a financial shock, it can be withdrawn or made convertible into specie. If an irredeemable bank-note circulation is an evidence of bankrupt or badly managed banking institutions, which should be deprived of their franchizes; or compelled to husband and make available heir resources in order that they may be prepared at the earliest day practicable to take up their dishenered oblientions, why should not an irredeemable Government currency be regarded as an evidence of bad management of the national fundation if not of national bankruptcy? And why should not such wise and equal revenue laws be enacted. and such economy is the use of the public mon-oys be enforced, as will enable the Government either judiciously to fund or promptly to redeem its broken promises? The United States notes, although declared by law to be lawful money, are, nevertheless, a dishonored and disreputable currency. The fact that they are a legal tender, pos sessing such attributes of money as the statute can give them, adds nothing to their real value, but makes them all the more dishonorable to the Government and subversive of good morals. The people are compelled to take as money what is not money; and becoming demoralized

by its constantly changing value, they are in dauger of losing that sense of bonor in their dealings with the Government and with each other which is necessary for the well being of society. It is vain to expect on the part of the people a faithful fulfilment of their duties to the Government as long as the Government is faithless to its own obligations; por will those who do not hesitate to defraud the public revenues long continue to be scrupulous in their private business. Justifiable and neces sary as the measure was then regarded, it is now apparent that an unfortunate step was taken when irredeemable promises were issued as lawful money; and especially when they were made a valid tender in payment of debts contracted when specie was the legal as well as the com-mercial etandard of value. The legal-tender notes enabled debtors to pay their debts in a currency largely inferior to that which was alone recognized as money at the time they were incurred, and thus the validity of concreditors had been compelled by law to pay into the public treasury fifty per cent or ten per cent. or, indeed, any portion of the amounts received by them from their debtors, such a law would have been condemned as unequal and unjust; and yet the effect of it would have been to lessen, to the extent of the receipts from this source, the necessity for other kinds of taxation, and thus to relieve in some measure the class unjustly, because unequally, taxed. By the legal-tender acts a portion of the property of one class of citizens was virtually confiscated for the benefit of another, without an increase thereby of the public revenues, and, consequently, without any compensation to the injured class. There can be no doubt that these acts have tended to blunt and deaden the public conscience, nor that they are chargeable, in no small degree, with the de

moralization which so generally prevails.

The economical objections to these notes as lawful money—stated at length in previous reports of the Secretary-may be thus briefly rethe war, and they have added large to the expenses of the Government since the restoration of peace; they have caused instability in prices, nnsteadiness in trade, and put a check upon judi cious enterprises; they have driven specie from circulation and made it merchandise; they have eent to foreign countries the product of our mines, at the same time that our European debt has been steadily increasing, and has now reached such magnitude as to be a heavy drain upon the national resources and a serious obstacle in the way of a return to specie payments; they have shaken the public credit by rais-ing dangerous questions in regard to the payment of the public debt; in connection with high taxes, (to the necessity for which they have largely contributed,) they are preventing ship building, and thereby the restoration of the com-merce which was destroyed by the war; they are an excuse for (if indeed they do not necessitate) protective tariffs, and yet fail, by their fluctuating value, to protect the American manufacturer against his foreign competitor; they are filling the coffers of the rich, but, by reason of the high prices which they create and sustain, they are almost intolerable to persons of limited incomes The language of one of the greatest men of mod ern times, so often, but not too often, quoted, is none too strong in its descriptions of the injust ice and the evils of an inconvertible currency.

"Of all the contrivances for cheating the labor-ing classes of mankind, none has been more effec-tual than that which deludes them with paper money. Ordinary tyranny, oppression, exces-sive taxation—these bear lightly on the happiness of the mass of the community compared with a fraudulent currency and the robberles committed by depreciated paper. Our own history has re-corded for our instruction enough and more than enough of the demoralizing tendency, the injustice, and the intolerable oppression, on the virtuous and well-disposed, of a degraded paper currency authorized or in any way countenanced by

The experience of all nations that have tried the experience of all nations that have tried the experiment of inconvertible paper money, has exoved the truth of the eloquent words of Mr. Webster. If our country is, in a measure, prospectus with such an incubus upon it it is because it is to magnificent in extent, so diversified in climate, so rich in soil, so abundant in minerals, with a people so full of energy. with a people so full of energy, that even a de-based currency can only retard but not put a stop

The Secretary still adheres to the opinion so frequently expressed by him, that a reduction of the paper circulation of the country until it appreclated to the specie standard was the true nterment of the species standard was the true so-lution of our financial problem. But as this policy was emphatically condemned by Congress, and it is now too late to return to it, he recommends the following measures as the next best calcu-lated to effect the desired result.

Agreements for the payment of coin seem to be the only ones not contrary to good morals, the performance of which cannot be enforced in the courts. "Coin contracts" executed before the passage of the legal-tender acts, as well as those executed since, are satisfied in all the States except California by the payment of the amounts ealled for, in depreciated notes. This shackle upon commerce, this check upon our national progress, this restriction upon individual rights, should no longer be continued. If it be admitted that the condition of the country during the war, and for a time after its close, created a necessity for laws and decisions, making promissory notes (fluctuating in value according to the result of battles and of speculative combinations) the medium in which contracts should be discharged, this necessity no

Steps should now be taken to

executed in coin should at once be legalized. Perhaps no law could be passed which would be productive of better results with so little private or public inconvenience. Such a law would simply enable the citizen to do what the Gov-

ernment is doing in its receipts for customs, and in the payment of its bonded debt; it would merely authorize the enforcement of contracts voluntarily entered into, according to the letter. The effect of such a law would be to check the outflow of specie to other countries by creating a necessity for the use of it at home; to encourage enterprises extending into the future, by removing all uncertainty in regard to the value of the currency with which they are to be carried on Supplementaring in the currency of the currency with which they are to be carried on Supplementaring in the currency of th with which they are to be carried on. Such a law would remove a formidable embarrasement in our foreign trade, would familiarize our people again with specie as the standard of value, and show how groundless is the apprehension so generally existing, that a withdrawal of depregenerally existing, that a withdrawal of depre-clated notes or the appreciation of these notes to par, would produce a scarcity of money, by proving that specie, expelled from the country by an inferior circulating medium, will re-turn again when it is made the basis of contracts, and is needed in their performance Business is now necessarily speculative because the basis is unreliable. Carrency, by reason of its uncertain future value, although usually pleutiful in the cities, and readily obtained there at low rates on short time, with ample collaterals, is comparatively scarce and dear in the agricultural districts, where longer

and dear in the agricultural districts, where longer loans on commercial paper are required. Prudent mer heeitste both to lend or to borrow for any considerable period by reason of their inability to determine the value of the medium in which the loans are to be paid. With currency now worth seventy cents on the dollar, and which within six months may advance to eighty, or decline to sixty, is it strange that the flow is to the business—centres, where it can be loaned business centres, where it can be loaned "on call," leaving the interior without proper supplies, at reasonable rates, for moving the crops and conducting other legitimate business? Is it strange that, in such an unsettled condition of the correspondence of the co of the currency, gambling is active while enter prise halts, trade etagnates, and distrust and ap-prehension exist in regard to the future? It is not supposed that such a measure as is recommended will cure the financial cylls which now affilict the country, but it will be a decided movement in the right direction, and the Secretary indules the hope that it will receive the early and favorable consideration of Congress.

The legal-tender acts were war measures. By reference to the debates upon their passage, it will be perceived that, by all who advocated them, they were expected to be temporary only. It was feared that irredecemble Government notes, in the unfortunate condition of the country, could only be saved from great depreciation by being made a legal tender—the great fact not being sufficiently considered that, by possessing this character, their depreciation would not be prevented, but merely disguised. Hence it was declared that they should be "lawful money and a legal tender in payment of all debts, public or private, within the United States, except duties on imports and interest on the public debt." They were issued in an amergency, for which it then seemed that no other provision could be made. They were in fact a forced loan, justified only by the condition of the country, and they were so recognized by notes, in the unfortunate condition of the counfact a forced loan, justified only by the condition of the country, and they were so recognized by Congress and the people. By no member of Congress and by no public journal was the issue of these notes as lawful money advocated on any other ground than that of necessity; and the question arises, should they not now, or at an early day, be divested of the character which was conferred upon them in a condition of the country so different from the present. The Secretary believes that they should, and he therefore recommends, in addition to the enactment by which contracts for the payment of coin can be enforced, that is be declared, that after the first day of January, eighteen hundred and seventy, United States notes shall cease to be a legal tender in payment notes shall cease to be a legal tender in payment of all private debts subsequently contracted; and that after the first day of January, eighteen hundred and seventy-one, they shall cease to be a legal tender on any contract, or for any purpose whatever, except Government dues, for which they are now receivable. The law should also authorize the conversion of these notes, at the pleasure of the holders, into bonds, bearing such rate of interest as may be authorized by Conversa rate of interest as may be authorized by Congress on the debt into which the present outstanding bonds may be funded. The period for which they would continue to be a legal tender would be sufficient to enable the people and the banks to prepare for the contemplated change, and the privilege of their conversion would save them from depreciation. What has been said by the Secretary in his previous reports on the perni-cious effects upon business and the public morals of inconvertible legal-tender notes, and what is said in this report upon the advantages which would result from legalizing coin contracts, sus-tain this recommendation. It may not be im proper, however, to suggest another reason fo divisting these notes of their legal-tender charac ter by legislative action. Although the decisions of the courts have been generally favorable to the constitutionality of the acts by which they were authorized, grave doubts are entertained by many of the ablest lawyers of the country as to the correctness of these decisions; and it is to be borne in mind that they have not yet been sus-tained by the Supreme Court of the United

The illustrious lawyer and statesman, whose lenguage upon the subject of irredeemable paper money has been quoted, in the Senate of the United States on the twenty-first day of Decem ber, eighteen hundred and thirty-six, expressed

the following opinion: "Most unquestionably there is no legal tender in this country, under the authority of this government or any other, but gold and silver, either the coinage of our own mints or foreign coins, at rates regulated by Congress. This is a constitutional principle, perfectly plain, and of the very highest importance. The States are expressly prohibited from making anything but gold and silver a legal tender in payment of decits, and although no such express prohibition is applied to Congress, yet, as Congress has no power granted to it in this respect but to coin money and to regulate the value of foreign coins, it clearly has no power to substitute paper or "Most unquestionably there is no legal tender it clearly has no power to substitute paper or anything else for coin as a tender in payment of lebts and in discharge of contracts. Congres has exercised this power fully in both its branches. It has coined money, and still coins it; it has regulated the value of foreign coins, and still regulates their value. The legal tender, therefore, the constitutional standard of value, is established, and cannot be overthrown. To overthrow it would shake the whole system." It is by no means certain that the Supreme Court will differ from Mr. Webster upon this nestion, and no one can fail to perceive how im-

portant it is that the legislation recommended should precede a decision (from which there can be no appeal) that United States notes are not, under the Federal Constitution, a legal tender. The receipts from customs for the last three cars have been as follows:

or the fiscal year ending June 30, 1866.....8179,046,751 5 to. do do, do. 1867..... 176,418,610 8 to. do. do. do. 1868..... 164,464,599 5 While it appears from these figures that the customs receipts since the commencement of the fiscal year 1865 have been, in a revenue point of view, entirely satisfactory, the question naturally arises, what do those large receipts, under a high tariff, indicate in regard to our foreign trade and to our financial relations with foreign nations?

It is impossible to ascertain with precision the It is impossible to ascertain with precision the amount of our securities held in Europe, nor is there any perfectly reliable data for [ascertaining even what amount has gone there annually since the first bonds were issued for the prosecution of the late war. In his report of 1866, the Secretary estimated the amount of United States securities of different kinds, including railroad and other stock, held in Europe, at \$600,000,000. He soon after became satisfied that this estimate was too low by from one hundred to one hundred was too low by from one hundred to one hundred and fifty millions. It would be safe to put the amount so held at the present time, exclusive of stocks, at eight hundred and fifty millions of dollars of which restricts lars, of which not less than six hundred mil-lions are United States bonds, nearly all of which have left the United States within the last six years. The amount is formidable: and little sat

of interes, and for foreign commodities; and just as iltile fron 1-the consideration that probably not over five he 'udred millions of dollars in gold values have been a received for these eight hundred and fifty million, 9 of debt. In this estimate of our foreign inche btedness, railroad and other stocks are not incheded, as they are not a debt, but the evidence men, 'ly of the ownership of property in the United & lates. Fortunately, for some years past, in lividual credits have been curtailed, and our foreign and domestic trade, in this particular, has not been unsatisfactory. In addition, then, to the stocks referred to and the individual indebtedness, of the amount of which no accurate estimate can be made. Europe he lds not less than eight hundred and fifty millions, of American securities, on nearly all of which interest in gold, is being paid. Nor, under the present revenue systems, and with a depred sted paper currency, is the increase of our foreign debt likely to be stayed. With an abundant harvest and a large surplus of agricultural products of all descriptions, United States bonds are still creating, to no small extent, the exchange with which our foreign balances are being adjusted. We are even

tions, United States bonds are still creating, to no small extent, the exchance with which our foreign balances are being adjusted. We are even now increasing our debt to Europe at the rate of sixty or seventy millions of dollars per annum in the form of gold-bearing bonds.

The gold and silver product of California and the Territories, since 1848, has been upwards of thirteen hundred millions of dollars. Allowing that one hundred millions have been used in manufactures, and that the coin in the country manufactures, and that the coin in the country has been increased to an equal amount, the bal-auce of this immense sum—eleven hundred milions-has gone to other countries in exchange for their productions. Within a period of twenty years, in addition to our agricultural products, and to our manufactures which have been expored in large quantities, we have parted with eleven hundred millions of dollars of the preclous metals, and are, nevertheless, confronted with a foreign debt of some eight hundred and fifty millions, which is steadily increasing; and all this has occurred under tariffs in a good degree framed with the view of

protecting American against foreign manufac-turers. But this is not all. During the recent war, most of our vessels engaged in the foreign war, most of our vessels engaged in the foreign trade were cither destroyed by rebel cruisers or transferred to foreigners. Our exports as well as our imports are now chiefly in foreign bottoms. The carrying trade between the United States and Europe is almost literally in the hands of Europeans. Were it not for the remnant of ships still employed in the China trade, and the stand we are making by the establishment of a line of steamers on the Pacific, the coastwise trade, which is retained by the exclusion of trade, which is retained by the exclusion of foreign competition, would seem to be about all that can, under existing legislation, be relied upon for the employment of American shipping. There are many intelligent persons who entertain the opinion that the country has been benefitted by the transfer of our bonds to Europe, on the ground that capital has been received in exchange for them, which has been profitably employed in the development of our national recourses; and that it matters little whether the

recources; and that it matters little whether the interest upon the debt is received by our own people or by the people of other countries. This opinion is the result of misapprehension of facts, and is unsound in principle. It is not to a large extent true that capital, which is being used in developing the national resources, has been received in exchange for the bonds which are beld in Large True many articles, such as railroad iron, machinery, and raw materials, used in manufacturing—the value of which to the country is agreeded. value of which to the country is acknowled have been so received, a large proportion of the receipts have been of a different description. Our bonds have been largely paid for in articles for articles which have neither stimulated industry nor increased the productive power of the country, which have in fact added nothing to the wealth. A reference to the custom-

house entries will substantiate the correctness of these statements. Two thirds of the importations of the United States consist of articles which, in economical times, would be pronounced luxuries. The war and a redundant pronunced natures. The war and a regulation currency have brought about unexampled extravegance, which can only be satisfied by the most coatly products of foreign countries. No exception could be taken to such importations if they were paid in our own productions. This unfort tunately is not the fact. They are annually swelling our foreign debt, without increasing our ability to pay it. How disastrons such a course lity to pay it. How disastrons such a course of trade, if long continued, must be, it requires no spirit of prophecy to predict.

Nor is it an unimportant matter that the in-

terest upon a large portion of our securities is received by citizenelof other countries instead of our own. If the interest upon a public debt is paid out where the taxes to provide for it are collected, the debt, although a burden upon the mass of tax-payers who are not holders of securimass of tax-payers who are not notices of securities, may be so managed as not to be a severe burden upon the nation. The money which goes into the Treasury by means of taxes, will flow ont again into the same community in the payment of interest; and were it not for the expenses attending it, the process would not, in a purely conomical view, be an exhausting one. If the bonds of the United States were equally distri-buted among the people of the different States, there would be less complaint of the debt than is sow heard. Anti-tax parties will attain strength only in those States in which tew bonds are held. If the people of the West are more sensible of the burdens of Federal taxation than are those of the Eastern States, it is because they are not holders to the same extent of national securities. This inequality cannot of course be prevented by legal or artificial processes. The securities will be most largely held where capital is the most abundant; and they will be more equally distributed among the respective States—if not among the people—as the new States approach the older

ones in wealth.

These manifest truths indicate how important it is that the debt of the United States should be home debt; so that the money which is collecte a none ueb; so that he money which is concerned for taxes may be paid to our own people in the way of interest. In fact, a large national debt, to be tolerable, must of necessity be a home debt. A nation that owes heavily must have its own A nation that owes heavily must have its own people for creditors. If it does not, the debt will be a dead weight upon its industry, and will be quite likely to force it eventually into bankruptcy. The United States are not only able to pay the interest on their debt, but to set a good example to other nations by steadily and rapidly reducing that debt. What is now required, as has already been intimated, are measures which will tend not only to prevent further exportation of our bonds, and in the regular course of trade to bring back to the country those that have been exported, but which will also tend to restore those important which will also tend to restore those important interests that are now langulabing as the result of the war and adverse legislation. The first and most important of these measures are those which shall bring about, without unnecessary delay, the restoration of the specie standard. The financial difficulties under which the country is laboring may be traced directly to the issue, and continu-ance in circulation, of irredeemable promises as lawful money. The country will not be really and reliably prosperous until there is a return and reliably prosperons until there is a return to specie payments. The question of a solvent, convertible currency, underlies all other financial and economical questions. It is, in fact, a fundamental question; and until it is settled, and settled in accordance with the teachings of experience, all attempts at other financial and economical reforms will either fall absolutely or be but partially successful. A sound currency is the life-blood of a commercial nation. If this is debased the whole current of its commercial life must be disordered and irregular. The starting point in reformatory legislation must be here. Our debased currency must be retired or raised to the par of specie, or cease to be lawful money, before substantial progress can be made with other reforms.

Next in importance to the subject of the currency is that of the revenue. Taxes are indispensable for the support of the Government, for the maintenance of the public credit, and the payment of the public debt. To tax heavily, not only without impoverishing the people, but without

without impoverishing the people, but without checking enterprise or putting shackles upon in-dustry, requires the most careful study, not only of the resources of the country and its relations

study of the revenue systems of European nations, which have been perfected by years of experience and the employment of the highest talent, it must be obvious that these systems must undergo very considerable modifications before they will be fitted to the political and physical condition of the United States. In a popular government like ours, where the people virtually vernment like ours, where the people virtually assess the taxes, as well as pay them, the popular assess the taxes, as well as pay them, the popular will, if not the popular prejudice, must be listened to in the preparation of revenue laws. Justice must, in some instances yield, to expediency, and some legitimate sources of revenue may be unavilable because a resort to them might be edious to a majority of tax-payers. The people of the United States are enterprising and self-reliant. Most of them are the "architects of their own fortunes;" few the inheritors of wealth. Engaged in various enterprises, with constantly varying results, and in sharp competition with each other, they submit reluctantly to inquisitions of tax-gatherers, which might not be tion with each other, they submit reluctantly to inquisitions of tax-gatherers, which might not be obnoxious to people less independent and living under less liberal institutions. Then, too, the United States are a new country, of large extent and diversified interceis—with preat natural resources, in the early process of development. Not only may systems of revenue which are suited to England, or Germany, or France, be unsuited to this country, but care. or France, be unsuited to this country, but care ful and judicious observation and study are in dispensable to the preparation of tax bills suited to the peculiar interests of its different sections It was with a view of supplying Congress with such information as was needed to secure the passage of equal and wise excess and tariff laws would yield the largest revenue with the least oppression and inconvenience to the people, that a revenue commission was created it 1865. The creation of this commission was the first gractical movement toward a careful examination of the business and resources of the country, with a view to the adoption of a closs revenue system. The reperts of this com-nission were interesting and valuable, and they exhibited so clearly the necessity for further and more complete investigations, that by the act of July 15, 1866, the Secretary of the Treasury was July 15, 1866, the Secretary of the Freasury was authorized to appoint an officer in his Department, to be styled the Special Commissioner of Reverue, whose duty it should be "to inquire into all the sources of national revenue, and the best method of collecting the revenue; the relation of foreign trade to domestic industry; the mutual adjustment of the systems of taxation by customs and excise, with a view of insuring the requisite revenue with the least disturbance or inconvenience to the progress of industry, and the development of the resources of the country," &c. Under this act Mr. David A. Wells was appointed Special Commessioner of the Revenue. Special Commissioner of the Revenue. With what energy and ability he has undertaken the very difficult duties devolved upon him, has been man ifested by the reports which he has already sub

mitted to Congress. That which accompanies, or will soon follow this communication, wil prove more fully than those which have pre it have done, the importance of the investigations in which he is engaged, and the judicious labor which he is bestowing upon them. The facts which he presents, and the recommendations based upon them, are entitled to the most careful consideration of Congress. These reports of the Commissioner are so complete that they relieve the Secretary from discussing elaborately the questions of which they treat. His remarks, therefore, upon the constant of registrations from the control of the contro The following is a statement of receipts from internal revenues for the last three fiscal years:
For the year ending June 50,1866...\$309,226,813 42
do do do 1867... 266,027,537 43
de do do 1868... 191,087,589 41
It thus appears that the internal revenue re-

recipts for the year ending June 30, 1867, fell belew the receipts for the year ending June 30,
1866, \$43,199,275 99, and that the receipts for the
year ending June 30,
1866, \$43,199,275 99, and that the receipts for the
year ending June 30, 1868, fell short of the receipts for 1867, \$74,939,948 02. The receipts for
the first four months of the present fiscal year
were \$48,736,348 33. If the receipts for these
months are an index of those for the remaining
eleght the receipts for the present fiscal year will eight, the receipts for the present fiscal year wil

This large reduction of internal revenue receipts is attributable both to inefficient collections and to reduction of taxes. It is quite ob vious that the receipts from customs cannot be wious that the receipts from customs cannot be maintained without an increase of exports or of our foreign debt. If the receipts from customs should be diminished, even with a large reduction of the expenses of the Government, our internal revenues must necessarily be increased. The first thing to be done is to introduce economics all branches of the public service and The first thing to be done is to introduce aconomy into all branches of the public service, not by reduced appropriations, to be made good by "deficiency bills," but by putting a stop to all unnecessary demands upon the Treasury. There is no department of the government which is conducted with proper economy. The habits formed during the war are still strong, and will only yield to the resultance of inversable less. The during the war are still strong, and will only yield to the requirements of inexorable law. The average expenses of the next ten years for the civil service, ought not to exceed forty millions of dollars per annum. Those of the War Department, after the bounties are paid, should be brought down to thirty-five millions of dollars, and those of the Navy to twenty millions. brought down to thirty-five millions of dollars, and those of the Navy to twenty millions. The outlays for pensions and Indians cannot for some years be considerably reduced, but they can doubtless be brought within thirty millions. The interest on the public debt when the whole debt shall be funded at an average rate of interest of five per cent, will amount to one hundred and twenty-five millions, which will be reduced with the annual reduction of the principal.

When the internal revenue and tariff laws shall be revised so as to be made to harmonize with each other, it is supposed that three hundred millions can annually be realized from these sources without burdensome taxation. How

sources without burdensome taxation. Hor much shall be raised from each, can be determined when the whole subject of revenue shall be thoroughly investigated by Congress, with the light shed upon it by Commissioner Wells in his exhaustive report of the present year. The Section of the country will be subserved by a reduction of the tariff and an increase of excise duties.

duties. According to this estimate the account would stand as follows: Receipts from customs and internal revenues. \$300,000,000

Leaving as an excess of receipts \$50,000,000 to be applied to the payment of the principal of the debt. If the growth of the country should make an increase of expenditures necessary, this in-crease will; by the same cause be provided for by increased receipts under the same rate of taxation; and as it is to be hoped that the regular increase of the revenues, without an increase of taxation, resulting from the advance of the country in wealth and population, will be greater than the necessary increase of expenses, there will be a constantly increasing amount in addition to that arising from a decrease of interest, to be an that arising from a decrease of interest; to be an-nually applied to the payment of the dobt. If large additional expenditures should be unavoidable, they should at once be provided for by additional taxes. What is required, then, at the present time, is a posi-tive limitation of the annual outlays to three hundred millions of dollars, including fifty millions to be applied to the payment of the principal of the debt, and such modifications of the revenue laws as will secure this amount, without unwise restrictions upon commerce, and vithout unwise restrictions upon commerce, and with the least possible oppression and inconve-nience to tax payers. In the foregoing estimates nience to tax payors. In the foregoing estimates of resources, miscellaneous receipts, and receipts from the sales of public lands, are omitted. The miscellaneous receipts heretofore have been derived from sales of gold and of property purchased by the War and Navy Departments during the war, and no longer needed. On a return to specie payments there will be no promiums on coin, very little Government property will hereafter be sold, and under the homestead law, and with liberal densitions of the public domain. and with liberal donations of the public domain, which are likely to be made as heretofore, no considerable amount can be expected from lands Whatever may be received from these sources will doubtless be covered by miscellaneous ex-

an impressible or a property, and that which was removed be only ter lent to that which was removed gree equivalent to the problem of necessary and the problem of the prob gree equivalent soon be resorted to. It is, perhaps, for the 'ef to the public by a diminution of prices, and has benefited manufacturers rather than consamers. The frequent and important changes which has been made in the internal revenue laws, the case with which exemption from taxation have been obtained, and the addenness with which taxes have been greatly an quented or reduced, have constituted one of the revenue laws are not only destructive of all husiness calculations, but they excite—not unread onably—a feeling of discontent and a sense of my ustice among the people, unfavorable to an efficient to of taxes. While it is admitted that, in a new and the people, unfavorable to an efficient conection of taxes. While it is admitted that, in a new and growing country like ours, modification 18 of the taxes will be frequently necessary, some definite policy should at once be inaugurated in regard to our internal revenues, the general prize, ples of which should be regarded as finally established.

Assuming that the receipts from customs will be reduced by a reduction of duties, or by the effects of a return to specie payments upon importations under the present tarity and that, consequently, there must be an increase of internel taxes, there are three sources of revenue which are likely to be considered.

First. An increase of taxes upon distilled spirits. First. An increase of taxes upon disting spirits. The idea of deriving the bulk of the revenue from this article is a very pepular one; and even our unfortunate experience has only partially convinced the public of its impossibility. The late-exorbitant tax on distilled spirits, intended, not merely as a revenue measure, but as perhaps, not merely as a revenue measure, but as an encouragement to temperance, proved to be the most demoralizing tax ever imposed by Congress, corrupting both the manufacturers and the evenue officers, and familiarizing the people with stupendons violations of the law. The restoration of it, or any considerable increase of the present tax, would lead to a repetition of the frauds which have brought the internal revenue system into such atter disgrace.

system into such utter disgrace.

Second. A restoration of the tax on manufactures abolished in March last.

The objections to the restoration of this tax are, that it would indicate vacillation on the part of Congress, and that this tax, principally on account of numerous exemptions, was partial and unjust. It is also apparent that, if restored, it would fail to be permanent by reason of the persistent and united hostility of a class of citizens influential and powerful, and whose influence and power are rapidly increasing.

Third. An increased and uniform tax on sales:

cince and power are rapidly increasing.

Third. An increased and uniform tax on sales; and this the Secretary respectfully recommends. Under the present law wholesale and retaidealers in goods, wares and merchandise of foreign or domestic production, wholesale and retaid dealers in liquors, and dealers in tobacco, are subject to a similar but unequal tax upon sales. This inequality should be removed, and a tax levied upon all sales sufficient, with the revenues from other sources, to meet the wants of the Government. The reasons in favor of a tax upon sales are that it could be levied, apperally to the imputation of class legislation; that it would be so equally distributed as not to bear so oppressively as other taxes upon individuals or sections; and that no depression of one branch of industry, which did not injuriously affect the business of the entire country, could greatly lesbusiness of the entire country, could greatly lessen its productivenes

As has been already stated, the receipts from customs for the fiscal year ending June 30, 1866, were \$179,046,651 58; for the year ending June 30, 1867, \$176,417,810 88; and for the last fiscal year, \$164,464,539 56. These figures show that the tariff has produced large revenues, although it is in no just sense a revenue tariff. In this respect it has exceeded the expectations of its triends, if, indeed, it has not disappointed them. It has not checked importations, and complaint is made that it has not given the anticipated protection to home manufactures, not because it was not skilfully framed to this end, but because an inflated currency—the effect of which upon impor-As has been already stated, the receipts flated currency—the effect of which upon importations was not fully comprehended—has, in a measure, defeated its object. It has advanced the prices of dutiable articles, and, by adding to the cost of living, has been oppressive to consumers without being of decided benefit to those industries in whôse interest it is regarded as having been prepared. In his last report, the Secretary recommended the extension of specific duties, but did not recommend a complete revision of the tariff, on the ground that this work could not be intelligently done as long as business was sub-ject to constant derangement by an irredeemable currency. The same difficulty still exists, but as decided action upon the subject of the currency ought not to be longer postponed, the present may not be an unfavorable time for a thorough examination of the tariff. It is obvious that a revision of it is required, not only to relieve it of incongruities and obscurity, and to harmonize it with excise taxes and with our agricultural and commercial interests, but also to adapt it to the very decided change which must take place in the business of the country upon the restoration of the specie standard. Large revenues are now derived from customs, because a redundant currency produces extravagance, which stimulates importations. If the currency were convertible, and business were regular and healthy, the tariff would be severely protective. if not in many instances prohibitory. Indeed of some valuable articles it is prohibitory already There will be in the future, as there have been in the past, widely different opinions upon this long-vexed and very important subject, but the indications are decided that the more enlightened sentiment of the country demands that the tariff

shall hereafter be a tariff for revenue and not for protection, and that the revenues to be derived from itshall be no larger than, in connection with those received from other sources, will be re-quired for the economical administration of the Government, the maintenance of the public faith, and the gradual extinguishment of the public debt. While the country is not a t present, and may not be for many years to come, prepared for the abrogation of all restrictions upon foreign commerce, it is unquestionably prepared for a revenue toriff. The public debt is an in-cumbrance upon the property of the nation, and the taxes, the necessity for which it creates. the taxes, the necessity for which it creates, whatever mode and from whatever sources educted, are at least a charge upon the consumers. Taxes should not, therefore, be increased, nor will the tax-payers permit them to be permanently increased, for the benefit of any interest or section. Fortunately, or unfortunately, as the question may be regarded from different stand points, the necessities of the Government will be such for many years, that large revenues must be derived from customs, so

nues must be derived from enstoms, so that a strictly revenue tariff must incidentally benefit our home manufactures. According to the estimate made by the Secretary, an annual revenue of three hundred millions will be required to meet the necessary demands upon the Treasury, and for a satisfactory reduction of the public debt. How much of this amount shall be derived from customs it will be for Converses to determine. In examining this difficult shall be derived from customs it will be for Congress to determine. In examining this difficult question, the magnitude of our foreign debt, and the necessity not only of preventing its increase but of rapidly reducing it, must be kept steadlly in view. It may be necessary that a large portion of our bonds now held in Europe be taken up with bonds bearing a lower rate of interest, payable in some European city, in order that they may be less likely to be returned to the United States at unpropitious times. Whether this is accomplished or not, it is of the last importance that our tax laws, and especially the tariff, should be so framed as to encourage exports and enlarge our commerce with foreign nations, so that balances may be in our favor, and the interest, and in due time the principal, of our foreign debt may be time the principal, of our foreign debt may be paid by our surplus productions. Many of the investigations of the Revenue Commissioner have been made with the view of furnishing Congress with the data necessary for a thorough examination and a wise determination of this most important question, and it is fortunate that the

her than distilled spirits, fermented liquors, and coo, was sudden and unexpected. It not apprived the Treasury of an immense revealed to the reduction was so great as to leave salon on the public mind that it would impression only teach to that which was removed a equivalent to that which was removed a contract of the proportion of the contract of

tablished.

est, on compound and seven three-tenth notes, which had accrued prior to the 1st of Nov., 1887. If these extraordinary advances and payments had not been made, the receipts would have exceeded the expenditures £43,787,412.18. Connidering the heavy reduction of internal taxes, niede at the last session of Congress, and the large expenditures which have attended the military operations scaling the Indians on the frontier, and the maintenance of large forces at expensive points in the Southern States, this regarded an ansatisfactory one. The bountles will, it is expected, be entirely paid within the next three months, and very little interest, except that which accrues upon the funded debt, is hereafter to be provided for. Should there be henceforth no extraordinary expenditures, and no further donations of public moneys in the form of bounties or of additional subsidies to railroad companies—with proper economy in the administration of the General Government, and with judicious amendments of the revenue laws, and proper enforcement thereof, the public debt, without oppressive taxation, can be rapidly

with judicious amendments of the revenue laws, and proper enforcement thereof, the public debt, without oppressive taxation, can be rapidly diminished and easily extinguished within the period heretofore named by the Secretary.

The ability of the United States to maintain their integrity against insurrection as well assemble a foreign enemy, can no longer he doubt their integrity against insurrection as well asagainst a foreign enemy, can no lenger be doubted. The question of their ability, under democratic institutions, to sustain a large national
debt, is still to be decided. That, this question
should be affirmatively settled, it is, in the opinion of the Secretary, of the highest importance
that the tax-paying voters should be encouraged
by the fact, that the debt is in the progress of
rapid extinguishment, and it is not to be a permanent burden upon them and their posterify.
If it be understood that this debt is to be a perpetual incumbrance upon the property and industry of the nation, it is certainly to be feared that the collection of taxes necessary be feared that the collection of taxes necessary to pay the interest upon it may require the excresse of power by the central Government, inconsistant with republicanism, and dangeousrs to the liberties of the people. The debt must be paid. Direct repudiation is an impossibility, indirect notes, would be madness. To insure its payment without a change in the essential character of the Government, every year should witness a reduction of its amount and a diminution of its burdens. The Secretary is confident that he expressed the sentiments of the intelligent taxpayers of the country when he said in his report of 1865:

of 1865:

"The debt is large, but it kept at home, as it is desirable it should be, with a judicious system of taxation, it need not be oppressive. It is, however, a debt. While it is capital to the holders of the securities, it is still a national debt, and an encumbrance upon the national estate. Neither its advantages nor its burdens are or can be shared or borne equally by the people. Its influences are anti-republican. It adds to the power of the Executive by increasing Federal patronage; it must be distasteful to the people, because it fills the country with informers and tax-gatherers. It is dangerous to the public virtue, because it involves the collection and disbursement of vast sums of money and renders rigid national econ-omy almost impracticabe. It is, in a word, a national burden, and the work of removing it, no matter how desirable it may be for individual investment, should not lorg be postponed.

"As all true men desire to leave to their heirs

unincumbered estates, so should it be the ambi-tion of the people of the United States to relieve their descendants of this national mortgage. We need not be anxious that future generations affall share the burden with us. Wars are not at an end, and posterity will have enough to do to take care of the debts of their own creation. "The Secretary respectfully suggests that on this subject the expression of Congress should be decided and emphatic. It is of the greatest

importance in the management of a matter of so surpassing interest that the right start should be made. Nothing but revenue will sustain the national credit, and nothing less than a fixed policy for the reduction of the public credit will be likely to prevent its increase."

And in his report of 1867, when he remarked: "Old debts are hard debts to pay; the longer they are continued, the more odious they be-

come. If the present generation should throw the burden of this debt upon the next, if will be and burden of this debt upon the next, it will be quite likely to be handed down from one generation to another, a perpetual if—not a constantly increasing burden upon the people. Our country is full of enterprise and resources. The debt will be lightened every year with great rapidity by the increase of wealth and population. With a proper reduction in the expenses of the Government, and with a revenue system adapted to this industry of the country and not oppressing it industry of the country, and not oppressing it, the debt may be paid before the expiration of the present century. The wisdom of a policy which shall bring about such a result is vindicated, in advance, by the history of nations whose people are burdened with inherited debts, and with no prospect of relief for themselves or their pos-

ierity."
In his last report the Secretary referred to the condition of the Treasury at the close of the war, and at some subsequent periods, alluding especially to the emergency in the spring of 1865. grising from the very large requisitions which re waiting for payment, and the still larger idilations that were to be provided for, to enable the War Department to pay arrearages due to the army, and other expenses which had already been incurred in the suppression of the rebellion. In briefly reviewing the administration of the Treasury from April, 1865, he did not think necessary to state how much of the large revenue receipts had been expended in the pay-ment of debts incurred during the war; and he would not undertake to do it now did not misapprehension exist in the public mind in regard to the expenditures of the Government since the conclusion of hostilities prejudicial to both the law-making and law-executing branches of the Government

The war was virtually closed in April, 1865. On the first day of that month the public debt. amounted, according to the books and accounts of the Department, to \$2,366,955,077 34. On the of the Department, to \$2,866,955,077 34. On the first day of September following, it amounted to \$2,757,689,671 43, having increased in four months \$590,734,434 09. From that period it continued to decline until November 1, 1867, when it had fallen to \$2.491,504,450. On the first day of November last, it had risen to \$2,517,129,—552 82. By this statement it appears, that, between the first day of April, 1865, and the first day of September of the same year, the debt increased \$390,784,494 09, and that between the first day of September, 1865, and the first day of November, 1868, it decreased \$290,560,018 61, and that on the last day mentioned it was \$160,—174,475 48 larger than it was on the first day of 174.475 48 larger than it was on the first day of April, 1865. Since then the Treasurer's receipts from all sources of revenue have been as follows:

For April, May and June, 1865. 88,512,164 12.

For the year ending June 50, 1866. 583,032,164 12.

Go. 30, 1868. 49,631,216 13.

June 30 to November 1 1868. 124,631,134 65