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DEBT AND TAXATION.

The Great Question of the Near Future—The National Debt Must be Paid and Taxation Reduced—Justice to the People as Well as the Bondholders—The Measure of Relief Proposed by Geo. H. Pendleton, of Ohio.

Hon. George H. Pendleton, of Ohio, delivered a speech at Milwaukee, Wisconsin, on November 2d, by invitation of the Democratic State Committee of that State, which deserves to be read and studied by every citizen, interested in the removal of debt and taxation which now cripples the industry, the enterprise, and the labor of the country. We invite for this speech the calm consideration of the reader, no matter what his political proclivities may be. It treats of subjects which will be the ever-mastering question of public policy next year, which will enter into the ensuing Presidential canvass, and exercise a controlling influence on its decision. The gravity and importance of the subject finds a fitting exponent in the gallant and patriotic Pendleton. He performs a statesman's duty in the highest sense of the word, for he not only exposes impending dangers to the country, but with consummate wisdom, points out the means by which they may be avoided. Let no one, therefore, slightly read what follows, but study and ponder upon it, until the mind grasps the subject in all its details:

AMOUNT OF TAXATION AND THE EXTENT OF THE NATIONAL DEBT.

The revenue of the federal government in 1866 amounted to \$551,000,000. You can hardly realize what that vast amount is. When you undertake to count it imagination almost stands aghast. It would have sufficed for the whole expense of the administration under General Jackson for more than 20 years. That was a year of profound peace. The army had been disbanded; the navy had been reduced; the military expeditions had not only accomplished their purpose, but they had been brought to an end. And yet, in the year 1866, the government of the United States realized from its revenue \$100,000,000 more than the kingdom of Great Britain, and \$190,000,000 more than the empire of France under Napoleon. If that amount had been assessed upon the people of the United States, it would have amounted, for every man, woman, and child in the country, to more than \$11.46 in gold. And yet in this same year the taxation of Great Britain, assessed in the same way, would have amounted to \$10.96. The taxation of France would have amounted to \$7.90, and the taxation of Austria to only \$5.00. If that amount had been assessed upon all the taxable property, real and personal, in the United States, it would have amounted to \$3.90 upon every hundred dollars, and if the taxation of Great Britain, in the same year, had been assessed in the same way, it would have only amounted to nine-tenths of one per cent. The taxable property of Great Britain, real and personal, of every kind and description, amounts to \$38,000,000,000. The taxable property of France amounts to \$40,000,000,000, whilst the taxable property of the United States, of the same character, amounts to less than \$15,000,000,000.

The population of Great Britain, including her colonies, amounts to 255,000,000 of people. The population of the United States amounts to less than 38,000,000 of people.

The public debt of Great Britain amounts to \$4,000,000,000, whilst the public debt of the United States amounts to \$3,000,000,000. If the public debt of the United States were assessed upon every man, woman, and child in the country—I mean the liquidated debt, which consists of somewhat more than \$2,200,000,000—it would be equivalent to \$74 a head, while the public debt of France, if assessed in like manner, would amount to \$57; that of Austria to \$40, and that of Prussia to less than \$12 a head.

The interest which the United States pays for money is, as you know, six per cent. in gold, and, besides, an exemption from taxation, which amounts probably to two per cent. more; while, as you all know, the interest of Great Britain is three per cent., and that of France still less.

It has been stated lately, very tersely and very truly, that when the United States borrows a thousand dollars it borrows at a rate which pay the lender in twenty years two thousand and seven hundred dollars, while the government of Great Britain, going to the same market, borrows the same amount of money, on terms which will in twenty years pay to the lender one thousand seven hundred dollars. The government of the United States, with its territory unexampled in richness, with its population unexampled in activity and energy, pays a greater rate of interest than any nation in Europe, even including effects and worn out Turkey. The public debt of the United States, which I have told you was three billion dollars, has been accumulated all except eighty million dollars within five years. The public debt of Great Britain, amounting to four billion dollars, has accumulated during two hundred years.

IS A NATIONAL DEBT A NATIONAL BLESSING? A national debt, in the language of

those who maintain the kingly governments of Europe, is a blessing. I say it is a national curse. It is the natural ally of a despotic and consolidated Government. It is the natural enemy of change, and progress, and liberty. It loves despotism. It lives by the coercion of the many who labor to pay off their earnings to the few who do not labor. Labor soon becomes restive and discontented and power becomes necessary to enforce prompt and regular payments, and thus the public creditors clamor for power in its execution; and thus a public debt attaches the creditors to the government and chains the tax payers to the creditors. Do we not hear, my friends, that the public debt ought not to be paid too soon; that payment ought to be deferred as long as possible; that as the bonds outstanding fall due they should be renewed; that as future generations will derive benefit from the deeds for which the debt was created, they should bear the burdens of the debt! Gentlemen, I do not believe any such doctrine. I do not believe it is possible for the people of the United States, under the government which we have, to collect a revenue of \$551,000,000 for any great length of time, and yet preserve the honesty, purity, and integrity which are essential to that form of government.

The public debt of the United States, as I stated to you before, amounts to \$3,000,000,000. \$2,200,000,000 or more is in a liquidated form and bears interest. \$800,000,000 more is an unliquidated form, and bears no interest. This is an enormous amount, and yet, gentlemen, I believe, and I think the Democratic party believes, that it should be paid, every dollar of it, principal and interest, at the time it comes due, exactly in accordance with the terms of the contract under which the loans were made.

THE CONDITIONS ON WHICH THE DEBT WAS MADE.

A part of that debt is payable in gold and a part of it in legal tender notes. The faith of the country requires that the one should be paid in gold, and the interest of the country requires that the other should be paid in legal tender. Prior to the year 1862 the gold and silver coin should be legal tender in payment of every debt. Every debt which was contracted before that time, whether it was upon a contract for money, or bond, or a note, was payable in coin, whether it was expressed upon the face of the contract or not.

In February, 1862, the Congress of the United States passed what was called a legal tender act. It provided that \$150,000,000 should be issued in paper, under the stamp of the United States, and that these paper dollars should be received as "lawful money." I quote the language of the act—"as lawful money, and as a legal tender in the discharge of all debts, public and private, except only duties on imports and interest upon the public debt." Mark the language of the act, "lawful money." That is the first legal tender act. It provided for the emission of \$150,000,000 in paper money.

Every contract that was made after that time for the payment of money, whether it was made by ordinary contract, or note, or bond, by whomsoever made, was made upon the faith of the law and was payable in these legal tender notes, and not in coin, unless the maker chose so to discharge it.

ALL BONDS, EXCEPT THE TEN-FORTIES PAYABLE IN GREENBACKS.

The government of the United States has paid in coin every bond that was issued before the passage of that law, and which has matured since its passage; and the government of the United States since that time, by an act of Congress, has provided for the issue of other bonds, which, notwithstanding the legal tender act, are to bear upon their face an express promise that the principal shall be paid in gold, are payable in gold. These are the ten-forties. They are payable in gold, principal and interest; and I maintain, my fellow-citizens, that every other bond, except the 10-40 bonds and all those issued before the legal tender act, are dischargeable in the greenbacks of the country.

Not only does the legal tender act of which I have spoken control this, but the law itself under which these bonds were issued, provides that the principal shall be paid in lawful money, and the interest shall be paid in coin. And not only that, but the face of the bond shows that the principal may be paid in lawful money, while the coupons declare that the interest shall be paid in gold.

Some gentleman will say to me, perhaps, that the legal tender shall not be permitted to override the uniform policy of the country up to that time. I say to him, let him not object to the legal tender act, for it is only by virtue of it that the interest on the first five hundred million of 5-20 bonds is payable in gold. The very act which authorizes the issue of these legal tender notes provided for the issue of the 5-20 bonds. That alone of all this acts authorizing the issue of 5-20 bonds, did not provide that either the principal or interest should be paid in gold only. I say to those who have bonds

of that issue, that the payment of their interest in gold depends on the construction of the legal tender act which says that this paper money shall not be received in payment of interest upon the public debt.

Some gentleman will say to me, as has been said before, that the law which provided for the issue of these same legal tender notes, provided that the coin to be derived from the payment of duties upon imports, should be set aside and appropriated to the payment of the interest of the public debt, and to the purchase or redemption, year by year, in every year, after the first day of July, 1862, of one per cent. upon the public debt. It is claimed that this provision of the law implies a contract to pay the public debt in coin.

Now, gentlemen, the same language which applies to the redemption of the public debt, applies also to its purchase. If those words constitute a promise to pay the public debt in coin at par, they also constitute a direction to purchase the public debt prior to the time it becomes due also in coin, at par, and that would be, very simply, as you know that at that very time the government of the United States was selling the 5-20 bonds at par in greenbacks.

SECRETARY McCULLOCH, THAD. STEVENS, AND JAY COOKE.

It is said—I saw it in a newspaper published in Wisconsin, to-day, that the Secretary of the Treasury, while these bonds were being issued, thought, and gave it as his opinion, that these bonds would be paid in gold. What he may have thought is of no consequence. What he said was promptly met by Mr. Stevens, chairman of the committee of ways and means, who said on the floor of the house, that these bonds were not payable in gold, and that the opinion of the Secretary of the Treasury was wrong, and would bind nobody.

It is said that the newspapers declared that these bonds would be paid in gold. When the 10-40s were issued only a few months later, the newspapers declared, under authority of Jay Cooke, that they were the only bonds whose principal was payable in gold. The one declaration may offset the other.

THE UNDERSTANDING OF THE BOND-HOLDERS.

It is said that those who purchased these bonds believed they were to be paid in gold. I cannot aver, my friends, that they did not believe it, but I do aver that they had no reason to believe it. The law was open to their inspection, and was plain. They knew well that the government of the United States paid every other debt they owed, except only the interest upon the bonds, in legal tender notes. They knew that they themselves, when they bought these bonds, they paid for them in legal tender notes, and they had no reason to believe that an exception would be made in their case alone.

THE CITY OF "REPUDIATION" CONSIDERED.

Now, gentlemen, I have thought it worth while to dwell thus in detail upon the legal and moral obligations of the government to pay these bonds in gold, because it has been thought, in some quarters, a sufficient answer for every argument to cry out "repudiation! repudiation!" There is not a particle of repudiation in the proposition. Neither the law, nor the contract, nor the face of the bond, nor good morals require that they should be paid in gold. "REPUDIATION!" That is a charge which comes with an excellent grace from men who, in Ohio, and Indiana, and New-York, and Pennsylvania, and perhaps here in Wisconsin, paid in legal tender notes the interest upon the state debt, which was contracted to be paid in gold. Repudiation! that charge is made by the men who voted for the law which authorized every man who had agreed to pay a hundred dollars in gold, to discharge the debt by paying a hundred dollars in paper. Repudiation! they are the repudiators, who, after they have compelled the people to take these legal tender notes in payment of every public and private debt, in payment of every state, and county, and township, and city, and railroad bond—now turn and depreciate these notes, and say they are not "lawful money," as they were declared by act of congress to be; and not fit to be given to a public creditor.

Do not, gentlemen, misunderstand me here. I did not vote for that legal tender act. I was in Congress at the time. I opposed it. I voted against it. I believed the policy was bad. We had coin currency and I believed we should maintain it. I thought the war might have been carried on, as the wars of Napoleon against the world were carried on, for years, upon a coin basis, and without inflation, and without the issue of notes. I endeavored to the utmost of my feeble ability to enforce that policy upon Congress. I was over-ruled, and a contrary policy was adopted. It became incorporated into the business of the country, and I am now in favor, in good faith, of carrying it out to the end, until every advantage shall be realized, and until we can with safety and ease reverse this policy, as I believe we ought, and return to specie payments in the country.

And now, my friends, I not only say that these bonds are payable in legal tender, but that they ought to be paid as soon as it is possible to do so. I do not know that it is possible to pay these bonds as fast as they mature, even in currency; but I do know that every possible effort ought to be made to do it.

THE QUESTION OF INFLATION BY PAYING THE BONDS IN GREENBACKS.

But just at this point I am met with the statement that we will issue an immense amount of paper, and thus so far inflate the currency as to destroy its value, and bring disaster upon the country. Now, gentlemen, let me examine this objection. Mr. McCulloch in his last monthly report stated that the public debt which bears interest is comprised in three kinds—that three hundred millions of this debt could not be redeemed before 1874—that three hundred millions more could not be redeemed before 1881—and that the rest of the debt, amounting to nearly seventeen hundred millions of dollars is comprised in five-twenties and bonds, which bear interest in currency.

Seventeen hundred millions of five-twenties and bonds which bear interest in currency, will fall due within the next five years. I cannot state to you the exact time nor the exact proportions in which these bonds fall due. I mean these 5-20s. Their very name implies that when five years shall elapse after their issue, the government may pay them, but it need not pay them until twenty years have elapsed.

Now, gentlemen, I maintain that these 5-20 bonds should be paid as far as it is possible to do so without inflating the currency beyond a safe and just point. And it is my business now to show you how rapidly that can be done. The unliquidated debt of the United States consists of greenbacks, and claims which have not been adjusted, and amounts to \$800,000,000. It pays no interest.

The policy of the Republican party is to convert these eight hundred millions of dollars of unliquidated debt into bonds, which pay six per cent. interest in gold. Now what will be the effect of that? It converts a debt which bears no interest into a debt which bears interest in gold; it will add to the expense of the government \$48,000,000—for that is the interest on \$800,000,000. It will increase the number of those who do not pay taxes, and increase the burthens of those who do pay taxes. It will add to the untaxed property of the country. It will convert active into inactive capital.

Now, I maintain that this system ought not to go on; that the debt ought not to be converted, that this capital ought not to be locked up; and that this large number of people ought not to be exempt from taxation; and that this additional burthen of \$48,000,000 should be saved. The Republicans say they can, I know they ought to be able to pay this amount from the current revenue.

HOW THE DEBT CAN BE PAID IN FIFTEEN YEARS.

If you look at the report made to-day in the evening papers by telegraph, the national banks have three hundred and thirty-eight millions of the bonds of the United States deposited in the treasury as security for their circulation. You know how these national banks are established. A man buys the bonds of the government of the United States and deposits them in Washington, and receives the interest on them year by year at six per cent. in gold. He receives ninety per cent. of bank paper which he takes home here to your own city, establishes a bank, issues these notes, and derives the interest of six, or ten, or twenty per cent. as the case may be, when you borrow these notes.

Three hundred and thirty-eight millions of these bonds are, by the report of the Secretary of the treasury, deposited today as security in the vaults of the treasury. Three hundred millions of bank paper are issued on the faith of these bonds. Now, gentlemen, I maintain that this circulation ought to be called in; that these bonds ought to be redeemed with legal tenders which will take the place of that bank circulation.

What would be the effect of this? The seventeen hundred millions of interest bearing bonds would be reduced to four hundred millions; and twenty millions of dollars would be saved to the government from the interest which is paid to the bankers for the bonds they have deposited.

Now then suppose you take these \$20,000,000 which is saved and add it to the \$48,000,000 which these gentlemen say they can pay from the current revenue, and you have \$68,000,000, year by year, and if you convert the sum into greenbacks, at 1.40, you have a hundred millions of dollars a year, and if this is appropriated as a sinking fund, you can pay off the whole debt in less than fifteen years, without adding one dollar to your taxation, or one dollar to the circulating medium.

Bear in mind that I am arguing a proposition that these bonds can be paid in greenbacks without inflating the currency. Bear in mind that this can be accomplished in twelve or fourteen years without the addition of one dollar to your taxation or one dollar to your circulating me-

dium. And now bear in mind also that I have not touched the revenue of the government, which in 1866 amounted to five hundred and sixty millions of dollars, nor have I attacked the expenditure of that year of radical administration.

ECONOMY IN EXPENDITURE WILL PAY THE DEBT.

But now set the radical reformer to work. Let him cut off every extravagance—lopp off every extravagant expenditure. Let him reduce the current expenditures of the government to \$150,000,000 a year—I mean expenses independent of interest on the public debt—though it ought to be reduced to \$100,000,000, and that would be twenty-five millions more than Mr. Buchanan expended; that would be as much in one year as Andrew Jackson expended in all the four years of his administration. Let the expenditure be reduced to \$150,000,000 and in five years you can pay every cent of the principal and interest of the public debt, without the addition of a dollar to the circulating medium.

DANGER AHEAD.

I have taken these figures from the official reports. They are sufficiently correct. I urge the adoption of this general idea because I think I see danger ahead. The Republican party insist on paying the bonds in gold; this adds 40 per cent. to the public debt. They insist upon curtailing the currency. This makes it impossible to keep up your revenues, and postpones the payment of the debt. In the meantime the bonds are exempt from taxation, and draw an exorbitant rate of interest.

The public debt amounts to one-fifth of all the property, real and personal, of every man, woman, and child in the country, and yet one-fifth of all the capital of the country—that capital so well able to bear taxation—which labors from the first day of January to the last day of December, in summer and winter, thro' heat and cold, through storm and sunshine, by night and by day, which knows no weariness, seeks no repose, is not subject to the disease, pains, and accidents which afflict the muscles and bones of men—whose owner, though he toils not, nor yet spins, is clothed like Solomon in all his glory—one-fifth of all this capital is exempt from taxation.

Labor will become restive—discontent will enter the hearts which control its brawny arms. This state of things cannot last—it ought not to last. I beg of the bondholders to be prompt and wise, wise to discern their true interests, prompt to act upon them, for I tell you, gentlemen, I do not say it by way of threat, I say it by way of solemn and timely warning, it is no threat to say when the sun rises in the east, that it will ascend to the zenith, set in the west, and leave us in darkness; it is no threat to say, when we see the gathering clouds, that there will be a storm; that as sure as there are passions in the human heart, this capital of the bondholders will be made to bear the same burthens as other property, and those burthens will be speedily lightened or other worse consequences will follow, involving perhaps, the violation of national honor and of plighted faith.

THE FIRST STEPS IN THE RIGHT DIRECTION.

My friends, the first step in the right direction is to lay bare every fraud, to expose and correct all corruptions; to cut off every unnecessary expenditure, to dismiss every superfluous officeholder, to abandon every unconstitutional scheme, to abolish all military governments, to return to the teachings of our constitution, and to the enjoyment of the liberties which it specifically assures to us, to give repose to the hearts of the people, in order that labor may be stimulated by hopes of a rich reward for its industry. The rest of the journey to happiness and safety and peace will be comparatively easy. The first step will cost you labor. It can only be accomplished by putting out of power the Republican party and putting in its place the Democratic party.

I know full well the difficulty of this work, yet I do not despair. The signs around us are all propitious.

Connecticut heralded the coming morn; the sun arose from its horizon in Maine; its radiant rays were thrown back in golden glory from California and lighted the lofty peaks of Montana. Higher it rose in the heavens, and Ohio and Pennsylvania were warmed into a new life. Soon New-York and New-Jersey will be enveloped in its rays. Will you, Wisconsin and Minnesota, reflect, from earth to sky, the full lustre of its mid-day splendor?

I believe you will, and the whole land, bathed in the warm light of delicious day, will throw off the noxious vapors of the night which has just passed.

Do your duty, men of Wisconsin. Do it as your brethren of other States have done theirs, and we will obtain possession of the powers of the government. We will banish fraud and corruption, and extravagance; we will regain our liberties; we will restore our constitution; we will reinvigorate our own Union; we will hold out to the people of the South the hand of friendly and fraternal affection; we will bid them be at peace with us, and repose at home. We will banish from our councils and our hearts the spirit of hatred and vengeance, and we will invoke the spirit

of charity and forgiveness and love, which dwells in the bosom of God himself, and then this whole people, attesting the beneficence of a government thus administered, will, with tears of joy, and voices choked with emotion, thank God that "tho' sorrow endureth for a night, joy cometh in the morning."

FOR THE MONTROSE DEMOCRAT. A HISTORY OF THE GREAT STRUGGLE BETWEEN LIBERTY AND DESPOTISM FOR THE LAST HUNDRED YEARS.

THE REPUBLICAN PARTY NOW IN REBELLION AGAINST THE GOVERNMENT.

On the 14th day of April, 1861, Abraham Lincoln issued the following proclamation:

"Whereas, Laws of the United States are now opposed in several States by combinations too powerful to be suppressed in the ordinary way, I therefore call forth the militia of the several States of the Union to the aggregate number of 75,000 to suppress the said combination, and to execute the laws, and I appeal to all loyal citizens to facilitate, and aid this effort to maintain the laws, and the integrity of the National Union."

By what authority did President Lincoln call out the troops to execute the laws of the United States in States that had declared themselves disconnected and separated from the remainder by the ordinance of secession? His inaugural address gives the answer to this question:

"A disruption of the Federal Union, heretofore only menaced, is now attempted. I hold that, in contemplation of universal law and of the Constitution, the Union of these States is perpetual. According to the views I hold, no State upon its mere motion, can lawfully get out of the Union; that resolves and ordinances to that effect are legally void, and that acts of violence within any State or States against the authority of the United States, are insurrectionary or revolutionary according to circumstances."

"I therefore consider that in view of the Constitution and the laws, the Union is not broken, and to the extent of my ability I shall take care, as the Constitution expressly enjoins upon me, that the laws of the Union be faithfully executed in all the States."

In four years and two months from the date of this proclamation, the laws of the United States had ceased to be opposed; the combination of armies, raised to effect the disruption of the States, were all suppressed, and the reign of peace was proclaimed. Yet on the 8th of September, 1867, a proclamation was issued again by President Johnson, almost in the precise language of that of President Lincoln, as follows:

"Whereas, by the Constitution of the United States the executive power is vested in a President of the United States of America, who is bound by solemn oath faithfully to execute the office of President, and to the best of his ability to preserve, protect and defend the Constitution of the United States, and is by the same instrument made commander-in-chief of the army and navy, and is required to take care that the laws be faithfully executed, and whereas, it is provided by law that whenever by reason of unlawful obstructions, combinations, or rebellions against the authority of the government of the United States, it shall become impracticable, in the judgment of the President, to enforce by the ordinary course, the laws of the United States within any State or Territory, the Executive in that case is authorized and required to secure their faithful execution by the employment of the land and naval forces; and whereas, impediments and obstructions have recently been interposed in the States of North and South Carolina, hindering an enforcement of the laws of the United States, and as well founded apprehension exists that such unlawful proceedings may be attempted there and elsewhere;

"Now, therefore, I, Andrew Johnson, President of the United States, do hereby warn all persons against obstructing or hindering in any manner the faithful execution of the Constitution and the laws. And I call upon all good and well disposed citizens of the United States to remember that upon the said Constitution and laws depend the protection of the lives, liberty, property and happiness of the people. And I exhort them everywhere to testify their devotion to their country, their pride in its prosperity and greatness, and their determination to uphold its free institutions, by a hearty cooperation in the efforts of the government to sustain the authority of the law, to maintain the supremacy of the Federal Constitution, and to preserve unimpaired the integrity of the National Union."

Why this solemn warning from the President of the United States? Why this second admonition from the Chief Magistrate of our nation to all the citizens thereof, to reverence the Constitution of their fathers? Why this second appeal to all the people of America to "co-operate with the government in its effort to maintain the authority of the Federal