

THE SINKING FUND.

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HJ 8112

134

SPEECH

OF

HON. JAMES B. <sup>Winn</sup> BECK,

OF KENTUCKY, <sub>11</sub>

IN THE

SENATE OF THE UNITED STATES,

MARCH 5, 1878.



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WASHINGTON.  
1878.

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I intended of course to answer, as far as I was able, the objections they might have to the resolution, but after a good deal of delay and several efforts to call it up the Senator from Vermont insisted on a reference of it to the Committee on Finance, indicating an indisposition to discuss it in advance of such reference. I felt that I ought not to consent to a reference, certainly not without further explanation of my reasons for urging it, and therefore asked the Senate to allow me to be heard to-day, which it kindly consented to do. I have no purpose except what is stated in the preamble, the first clause of which is:

Whereas it is of the highest importance in the present depressed condition of the industries of the people that taxation should be reduced to the lowest point consistent with a faithful discharge of the obligations of the Government and an economical administration of its affairs.

The facts upon which I rely to sustain that obvious truth are set forth with equal clearness in the other clause of the preamble, as follows:

And whereas the Secretary of the Treasury, in his estimates of the sums to be provided by the present Congress, includes \$37,196,045.04, to be applied during the next fiscal year in the purchase of United States bonds under the provisions of the acts of February 25, 1862, and July 14, 1870, providing a sinking fund for the extinction of the national debt; and

Whereas the last Secretary of the Treasury, in his annual report to the Forty-fourth Congress, in December, 1876, showed that up to July 1, 1876, the literal compliance with the provisions of said laws from the time they went into effect required the application of \$433,848,215.37 to the purposes provided for in said acts, and that \$658,992,226.14 had been so applied, being an excess of \$225,144,010.77 over the amount required by the law to be so applied up to that date; and

Whereas the present Secretary of the Treasury, in his report to this Congress, in December last, after repeating the statements of his predecessor upon that subject, says: "On the same basis the amount of the sinking fund would have reached \$475,318,888.78 on the 1st of July, 1877, on which date the reduction of the debt, including accrued interest, less cash in the Treasury, since its highest point in 1865, amounted to \$696,273,348.17," or \$220,954,459.39 in excess of the amount required by law to be provided for that fund: Therefore.

I do not propose to repeat now the argument I then made (it can be seen by reference to the RECORD of that day) farther than to quote briefly from the reports of Secretaries Sherman and Morrill the facts which support the statements made in the preamble I have quoted.

Speaking of the sinking fund the present Secretary in his last report says:

In the last annual report (page 10) my predecessor stated that, had the resources of the Treasury during each fiscal year, commencing with 1862, been sufficient to make a literal compliance with the conditions of the sinking-fund law practicable, a total of \$433,848,215.37 would have been applied to that fund July 1, 1876, whereas the actual reduction of the debt, including accrued interest, less cash in the Treasury at that date, amounted to \$658,992,226.44. On the same basis the amount in the sinking fund would have reached \$475,318,888.78 on the 1st of July, 1877, on which date the reduction of the debt, including accrued interest, less cash in the Treasury, since its highest point in 1865, amounted to \$696,273,348.17, or \$220,954,459.39 in excess of the amount required by law to be provided for that fund.

Mr. Morrill in his report in December, 1876, after setting forth all the facts in detail, says:

On the 31st of August, 1865, the public debt as represented upon the books of the Department, and shown by the public-debt statement, reached its highest point, namely:

Debt, less bonds issued to the various Pacific Railroad Companies, and less cash in the Treasury	\$2,756,431,571 43
On June 30, 1876, the debt, including accrued interest, less bonds issued to the Pacific Railroad Companies, and less cash in the Treasury, was	2,009,439,344 99

Reduction of the debt	656,992,226 44
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The terms of the law of February 25, 1862, required by the operations of a sinking-fund account that the public debt should be reduced in the sum of \$433,848,215.37 between July 1, 1862, and the close of the last fiscal year. A reduction has been effected during that period of \$656,992,226.44, or \$223,144,011.07 more than was absolutely required.

He adds:

It can therefore be said, as a matter of fact, that all of the pledges and obligations of the Government to make provision for the sinking fund and the cancellation of the public debt have been fully met and carried out.

These facts being conceded, and they must be because they are true, it is not only the right but the duty of Congress in the present depressed condition of the industries of the country to cease to impose burdens upon the people, and to reduce taxation wherever it can be done consistently with the public honor and an economical administration of public affairs. I said before and I repeat that it is not my purpose to dictate to the Committee on Finance in what way or on what subjects of taxation the desired reduction should be made. My object in this resolution is to determine that reduction of taxation to the extent at least of \$37,000,000 can be and ought to be had. Still, with all due respect to the committee, I propose to show to the Senate the importance of cutting off all unnecessary taxation, stopping all useless or merely sentimental expenditures, and of applying all the power and all the means at our command to restore our commerce on the ocean, which has passed into the hands of foreigners by our own folly; to readjust our *war* tariff, which has been kept up to protect a few interests long after the necessity or pretended necessity for it has passed away. I hope to show that justice and good policy alike require that the wealth of the country should contribute more than it does to the support of the Government and that we cannot under our present system compete in the markets of the world with people less heavily burdened. I hope to aid somewhat in inducing the Senate to take steps in the direction of giving relief otherwise than by subsidies, which seem to be demanded now in every form.

Mr. President, the whole system of Federal taxation is an anomalous and, permit me to say, an exceedingly unjust and oppressive one. It lays its heavy hand everywhere upon the labor and the poverty of the country, and nowhere upon its property and wealth. All the vast revenues and expenditures of the Government, all the subsidies it grants, and all the protection it gives to its favorites, are drawn directly or indirectly from the consumption and necessities of the people, from things which the very poorest are either compelled to have in order to live and shelter themselves and their families from the summer's heat and winter's cold, or from articles they must use or *will* have even if they could live without them. I know of very little except jewelry, which is generally smuggled, in all the long list of taxables, either under the tariff or internal revenue, which is not as heavy a tax on the humblest mechanic or laborer as upon men with the colossal fortunes of Mr. Astor, Mr. Vanderbilt, or Mr. Stewart. Their incomes, their stocks, their bonds, their palatial residences and magnificent equipages, and their blocks of buildings, from which their rent-rolls come, do not contribute one cent to the support of the Federal Government, not even to maintain the Army and Navy, which have to be kept up to protect their property from violence, foreign or domestic, and into neither of which do they ever go in time of trouble except by substitutes. Sir, that is all wrong. The wealth of the country ought to contribute its just proportion of the expenses of the Government; when it does Government will be better administered, and its expenditures will be more closely watched. The subsidies so

clamorously demanded, and so lavishly given when they are taken from the food, clothing, utensils, and other necessities of the masses, would soon cease if they had to be provided for by additional taxation on the incomes of the rich. Organizations, rings, and combinations are holding meetings, public and private, every day in this city and all over the country to obtain what they call Government aid for all sorts of schemes to enrich themselves at the expense of the people, and representatives are urged, in season and out of season, to support them. If we could levy a special tax of 3 or 5 per cent. upon all incomes over \$2,000, embracing stocks, bonds, and other securities, and set it aside as a fund out of which to pay the subsidies, or *Government aid*, as it is politely called, which may be deemed meritorious, half if not all of them would be withdrawn and resisted by the men now so persistently urging them. They are insisted upon because the money can be taken under our present system from the pockets of the poor in ways they know nothing about.

#### GOVERNMENT AID.

What, sir, is this Government? It is a carefully limited organization, with executive, legislative, and judicial powers, entered into by the people of the United States, as expressed in the preamble to the Constitution:

In order to form a more perfect union, establish justice, insure domestic tranquillity, provide for the common defense, promote the general welfare, and secure the blessings of liberty to ourselves and our posterity.

As a government it has nothing; it is a trustee, a pauper. Congress has the power to lay and collect taxes and borrow money, and the Government has no other means of obtaining it. When obtained it must be expended, if properly expended, for the common defense or the general welfare. Whenever Congress undertakes to grant subsidies or give exclusive privileges or protection to any class of men, it has to take the money from, or impose the burden upon, the great mass of the people. I refer to these plain principles in this connection because we have petitions, resolutions, and remonstrances laid before the Senate every day and referred to committees asking aid, seeking protection, insisting on the maintenance of privileges improperly granted or which should now be withdrawn. If a tithe of them are heeded, the proposition to drop the \$37,000,000 now asked for to purchase bonds, even if agreed to, will not furnish the relief I desire.

Mr. President, I said our present system of taxation for Federal purposes is an outrage on the labor of the country because it draws money only from the consumption of the necessities of life and business, and thus takes from the poorest consumer as much as it takes from the richest who consumes no more. It is only tolerated because the people do not know and until lately have hardly tried to ascertain the truth. Our present deplorable condition has had one good effect. It has caused men to think in a way they could not be induced to do so long as they were prosperous and had plenty of money in their pockets. Poverty has brought reflection, distress has caused examination into the reasons why men who were honest laborers are now tramps and beggars, and the remedy will be peaceably but earnestly applied at the ballot-box if Representatives fail to give the just and much-needed relief demanded. Does any man suppose that State or municipal governments could be carried on for a day upon such a system as the Federal Government pursues? Would the mechanics of the city of New York submit to be taxed out of their wages or on their

humble homes as much to support the State or city government as was demanded from the estates of Mr. Astor, Mr. Vanderbilt, or Mr. Stewart? Would the stockholder in any corporation who owns a single share consent to pay as much toward the expenses of the corporation and the salaries of its officers as the stockholder who owns a thousand shares? Ought he to do it? Yet that is precisely what the Federal Government is requiring its humblest citizens to do. We may remonetize silver, repeal the resumption act, make greenbacks an unlimited legal tender, stop the payment of the principal of the national debt, and do many other things that I think ought to be done, yet as long as the present system of tariff and internal taxation is maintained there can be no real or permanent prosperity. We are compelled to produce and transport all our products at a cost far exceeding that paid by any other people, and are thus crippled in our competition in the markets of the world. Just here let me say that I promised to answer a question put to me by the Senator from Connecticut [Mr. EATON] upon a subject somewhat foreign to the silver bill, upon which I was then speaking. I had said that we were paying foreign nations now nearly \$100,000,000 annually to do the carrying trade between us and other countries, and that our tariff had rendered it impossible to build ships, while our navigation laws prohibited us from buying them. I read the Senator's question and my answer:

Mr. EATON. If my friend will allow me to ask him a question, I wish to call his attention to the fact that some time ago, in reference to another matter which I had in my mind, of great importance, I understood him to say that the amount of freights paid by us to foreign bottoms in gold was \$100,000,000 annually. Will he tell me where I may arrive at that conclusion? I had supposed it was about \$40,000,000. My friend says one hundred millions. I should like the data; that is all. I do not wish to interfere with his discussion; but that remark of his had reference to another bill that I have now before the Senate, of very great importance to the commerce of the country.

Mr. BECK. I may have stated it too high. I was not thinking of nor trying to discuss that question.

Mr. EATON. It is bad enough at my figures.

Mr. BECK. My recollection is that in a message to Congress—I cannot now think of the date, but a friend suggests that the amount I stated was shown in a speech by Mr. Shellabarger, of Ohio—the President, General Grant, in deprecating the condition of our commerce, said that we were then paying nearly \$80,000,000. That is my recollection, and subsequent reports show that it had gone up to somewhere about \$100,000,000. It may be less, but I will endeavor to look it up and furnish the data to the gentleman from Connecticut. If I am wrong, I will take it back.

Mr. EATON. I desired it for another purpose, not for this discussion.

I have, as I promised, looked into that subject since, and as it is in the line of thought I intended to pursue I will state why I still think my statement of the amount was no exaggeration of the facts. In his annual message to Congress, in December, 1873, President Grant said in connection with his suggestion as to the importance of stimulating American ship-building:

However, as we pay \$80,000,000 per annum to foreign vessels for the transportation of our surplus products to a market, thus increasing the balance of trade against us to that amount, the subject is one worthy of your serious consideration.

The President of course received his facts from the revenue and Treasury officials whose duty it was to obtain accurate information on the subject. He could not afford to be inaccurate in a message to Congress. It will be observed that he tells Congress that the \$80,000,000 of which he speaks is paid for the transportation of products. He was neither speaking of nor considering the cost of the transportation of passengers.

Mr. Cragin, of New Hampshire, then chairman of the Committee on

Naval Affairs in the Senate, on the 6th day of February, 1873, made a carefully considered speech on this floor in which he said that we were paying annually to the ships of foreign nations then from \$75,000,000 to \$80,000,000 a year. During the year 1873 the number of immigrants brought by foreign ships to the United States from Europe exceeded four hundred and fifty thousand, and the number of steerage passengers carried by them from the United States exceeded fifty thousand. These at \$35 each make \$10,500,000, while the average of first-class passengers going and returning was ascertained by careful investigation, as Mr. Cragin stated, to be 86,829, at an average of \$110 each, making over \$9,500,000. Thus it will be seen from the statement of the President to Congress as to the amount paid for freights and from equally reliable data as to the amount paid by passengers to and from the United States that foreign nations made \$100,000,000 out of our trade in 1873, and they are making more now; the immigration has fallen off but the freight carried by them has increased.

The official reports show that—

The total exports from the United States for the year 1877 were valued at .....	\$676, 115, 813
Imports for the year were valued at .....	492, 090, 406
Total .....	1, 168, 206, 224
Of these foreign ships carried—	
Of exports.....	\$515, 104, 208
Of imports.....	329, 565, 992
Total.....	844, 670, 200

While substantially all the passengers from Europe to America and from America to Europe are carried in foreign steamers, the profitable first-class-passenger business has rather increased than diminished since 1873, so that they are now collecting from our traffic somewhere about \$100,000,000 a year, as I stated. It is an alarming exhibit. No wonder the Senator from Connecticut was shocked and startled and thought that it was bad enough at \$40,000,000, as he supposed it was. I read in the Washington Post last Monday week a speech of Hon. E. C. Cowden, of Boston, made before the national exporters' convention in this city a few days before, in which he said:

And now, Mr. President, in this humiliating condition of affairs, what are we to do to restore our prestige on the ocean, especially in the matter of steam navigation with foreign countries? We must appeal to the self-interest of the nation. It is estimated that we pay about \$85,000,000 annually to foreign steamship companies for freight, passage-money, and mail service, nearly all of which might be expended in American channels, for the benefit of all classes of our citizens, and give employment to a vast number of deserving men.

He seems to have been confining his data to the foreign steamship companies; and to them alone he says we pay about \$85,000,000 annually. It is bad enough, even if that is all, when we know that, with a revenue tariff of about 19 per cent. in 1860 and 1861, we were making a profit, even at the low rates then prevailing, of \$20,000,000 a year in the same carrying trade and were building ships for England and other countries, for which we were receiving many millions annually. I might show, by the bulky character especially of our exports and by the combinations from time to time of the great foreign lines to put up freight, as they did in 1873, when wheat was advanced from six pence to over fourteen pence a bushel, that the American producer of raw material, and especially of agricultural products, is absolutely at their mercy, and it is worthy of note that

out of the exports of last year, which were gratifyingly large, exceeding \$676,000,000, less than \$100,000,000 were in any sense manufactured articles. A few specimens stated approximately will illustrate.

For example, we exported of—

Indian corn, about .....	\$42,000,000
Wheat and flour .....	70,000,000
Raw cotton .....	171,000,000
Petroleum .....	57,000,000
Bacon, pork, and beef .....	64,000,000
Butter, cheese, and lard .....	43,000,000
Tobacco .....	32,000,000
Live animals and clover-seed .....	8,000,000
Coal, fruits, and furs nearly .....	10,000,000
Gold and silver bullion and coin .....	43,000,000
Hops and hides, about .....	5,000,000
Oil-cake and resin .....	7,000,000

552,000,000

These figures show two facts: first, the insignificance of our manufactured exports, and second the immense cost of transportation in consequence of the great bulk of the articles, other than coin, as compared to their value.

Mr. President, a nation dependent upon other nations to carry on its commerce is a subsidiary nation. No country ever prospered, none ever will, under such circumstances. We may pay \$37,000,000 a year on the principal of our debt. We may pretend that we are able to resume specie payments; that we are too honorable even to pay in the silver coin of our contracts. We may *ape* Great Britain and pay in gold and gold alone. We cannot secure or maintain credit by any such pretenses; the facts are patent: foreign nations are draining our substance, enriching themselves and impoverishing us by our own folly and the stupidity and partiality of our legislation. All other nations buy their ships, as they do anything else, where they can buy them cheapest, and use them to compete with other people to the best advantage. The United States is the only country on earth to-day that prohibits its citizens from buying ships, and ships are the only things they are prohibited from buying on some terms, wherever they please, except obscene literature, from which I would divorce them. France and Germany purchase their steamships from England, which they run in our trade, and we allow the Germans all the rights and privileges we allow our own citizens in our own home-built ships, and yet will not allow our own people to buy ships as the Germans do. Section 4229 of the Revised Statutes reads:

No other or higher rate of duties shall be imposed or collected on vessels of Prussia, or of her dominions, from whencesoever coming, nor on their cargoes, howsoever composed, than are or may be payable on vessels of the United States and their cargoes.

Section 4230 of the Revised Statutes provides:

The preceding section shall continue and be in force during the time that the equality for which it provides shall in all respects be reciprocated in the ports of Prussia and her dominions; and if at any time hereafter the equality shall not be reciprocated in the ports of Prussia and her dominions, the President may issue his proclamation declaring that fact, and thereupon the section preceding shall cease to be in force.

In order to encourage ship-building our navigation laws, copied of course from the then laws of England, which she maintained from 1660 till 1849, give our own people and the ships built at home an absolute monopoly of the coastwise trade, prohibiting a foreign-built ship from loading at one of our ports and unloading at another, so that owners of ships built here (which generally means built in New Eng-

land so they will float, and finished at Halifax or some other foreign port where there is no tariff or a light one) can charge double or treble what ships of other countries may be willing to do the work for. And as if that was not enough we will neither register a ship in the foreign trade which was built abroad or allow her to be registered though built here, if she was ever transferred to a foreign owner no matter under what exigency. The state of our iron-steamship building is painfully exhibited by the following table given on page 394 of Mr. Spofford's valuable American almanac for 1868:

*Number and Tonnage of Steam Iron Vessels built in the United States during the year ended June 30, 1877.*

Ports.	Number.	Tons.
Philadelphia.....	4	4,894.45
Wilmington.....	2	899.85
Baltimore.....	1	133.11
Total.....	7	5,927.41

Think of it! The total tonnage of iron steam-vessels built in the United States during the year 1877 was just about equal to the tonnage of one of the new "White Star" ocean steamers, yet our citizens are absolutely prohibited from buying ships abroad when our exports and imports exceed \$1,168,000,000 in value, and foreign nations are taking from us from \$85,000,000 to \$100,000,000 to do the work, for fear we will injure a business which now has an absolute monopoly of all our home trade, and in this age of iron and steam hardly produces the tonnage of one first-class steamer a year for foreign commerce. It seems to me that the business men of other countries must look in amazement at the folly of a great people who are guilty of such stupidity, who still insist on taxing themselves to pay the principal of a great war debt before it is due and when the creditors do not want it, and refuse to reduce an absurd and ruinous protection tariff because it enriches a few men at the expense of the whole people.

President Grant saw when the Franco-Prussian war began what condition we might be placed in by it, and in a short message, which I will read, gave Congress advice which it would have been well for the country if it had had the wisdom to follow, but it was then, as I fear it is now, too much under the influence of the protected monopolists to heed what he said, and it adjourned the next day after the message was sent, I always thought under the apprehension that the country would learn by the discussion how the people were being swindled by our navigation and tariff laws.

The message reads:

*To the Senate and House of Representatives:*

The latest intelligence from Europe indicates the imminence of a war between France and North Germany. In view of this a sound policy indicates the importance of some legislation tending to enlarge the commercial marine of this country.

The vessels of this country at the present time are insufficient to meet the demand which the existence of a war in Europe will impose upon the commerce of the United States, and I submit to the consideration of Congress that the interests of the country will be advanced by the opportunity to our citizens to purchase vessels of foreign construction for the foreign trade of the country. An act to this effect may be limited in its duration to meet the immediate exigency.

The foreign mail service of the United States is, in a large degree, depending on

the Bremen and Hamburg lines of steamers. The Post-Office Department has entered into contracts in writing with the two companies above named, and with the Williams & Guion lines, respectively, for a regular and continuous service of two years. The only arrangement that could be made with the Inman and Cunard lines is temporary, and may be broken off at any time. The North-German lines are first-class in point of speed and equipment, their steamers usually making the trip across the Atlantic in from twenty-four to thirty-six hours in advance of the Williams & Guion line.

Should the North-German steamers be blockaded or impeded by France, our postal intercourse with foreign nations will be greatly embarrassed unless Congress shall interpose for its relief.

I suggest to Congress the propriety of further postponing the time for adjournment, with the view of considering the questions herein communicated.

U. S. GRANT.

WASHINGTON, D. C., July 15, 1870.

That message was the only step ever taken, the only utterance from any executive officer since the war tariff was imposed, looking in the right direction. Congressional commissions have been organized and have reported; boards of trade have resolved; chambers of commerce and conventions have memorialized Congress to relieve and build up our prostrate commerce. All have painted in glowing colors how we have fallen from our former high estate as the competing if not the leading commercial nation in the world, (for in 1861 we were rapidly passing Great Britain,) and they have shown that we are now a poor, miserable, subsidiary country on the great ocean highways of the world's commerce; but all or nearly all of these organizations are afraid to tell Congress the truth, and to demand a repeal of our navigation laws and of the high protective tariff which, together, have destroyed our mercantile marine. They know the facts, and a bold man occasionally tells them; but they know also the power of the protected interests in Congress and fear to antagonize them, therefore they content themselves with begging for protection, petitioning for subsidies, uniting with the other rings to wring money by taxation from a people already taxed to death, in order thus to get their share of the public plunder.

They are all especially eloquent in depicting the devastation wrought by the Alabama and other confederate cruisers during the late civil war. These charges have a doubly gratifying and beneficial effect; they divert attention from the tariff and navigation laws, and thus please the protectionists, and they cast the odium of the present prostrate condition of our commerce on the people of the South, who are the convenient scape-goats for all the sins of the dominant party. Doubtless the war injured our commerce and confederate cruisers destroyed some of our ships—a fraction over one hundred thousand tons is all that is claimed—and induced ship-owners to sell others. Those who sold were fortunate, for the money was worth more to them and the country than the ships would have been if they had kept them, as a new class of vessels have come into use. The war injured all industries; it destroyed life and property all over the land. David A. Wells and other careful statisticians estimate the loss to the country by the war at \$9,000,000,000. Many of the leading industries of the people suffered infinitely more than our then great shipping interests did. Our tonnage reached its highest point in 1860-'61; it was then 5,539,813 tons, and in July, 1865, after the war closed, it was 5,096,781 tons, the decrease during the war being only 443,022; and at the close of the year 1877, more than twelve years after the war ended, when all other property had increased on an average of over 50 per cent., our total tonnage had decreased to 4,242,600 tons, being 854,181 tons less than we had when the war closed. In view of these facts, what

sense, what propriety is there in the charges made and reiterated in so many quarters that the present deplorable condition of our mercantile marine is attributable to the confederate cruisers. We built over forty thousand miles of railroad, from 1866 to 1877. We have opened up empires since the war. The free homes given to people from every quarter of the globe along the great railroad lines, so liberally subsidized, have increased our products beyond all precedent.

The reports on commerce and navigation show that our own population had been added to by immigration to this country from Europe (to say nothing of the Chinese) from 1866 to 1877 of over *three million five hundred thousand* people, more than the United States contained during the Revolution. Our need for ships has of course increased in the ratio of increase of population and production, and but for our navigation and tariff laws we would have had them, instead of being dependent as we are now on and subsidiary to foreign nations. Those who take such delight in forgetting the real facts and causes in bringing odium on the southern people as the source of our present commercial paralysis never tell, that, out of the 5,539,813 tons which composed the American mercantile marine in 1860, 599,734 tons were owned in the States that seceded, all of which was lost or destroyed, so that there was an actual increase of tonnage even during the war outside of the seceded States instead of the enormous loss so often and so prominently paraded for effect before Congress and elsewhere.

Perhaps my statements on this subject will not have the same weight as those of Senators representing other locations and other ideas; I therefore propose to read from a speech to which I have already referred, that of Senator Cragin, of New Hampshire, then chairman of the Committee on Naval Affairs, made on this floor in the hearing of many Senators now present, in which he depicted the condition of our commerce truthfully and vigorously; but, like all the others, his remedy was "*subsidies.*" He said:

It has already been shown that in 1860 the clearances of American vessels from our ports equaled the combined tonnage of England and France cleared from their ports. The following comparisons will show how this advantage disappeared:

	<i>Tons.</i>
The American tonnage which entered the ports of Great Britain from ports of the United States in 1860 was .....	1,174,991
In 1870 it was only .....	287,093
Showing a decrease or loss of American tonnage of.....	<u>887,898</u>
The British tonnage which entered the ports of the United States from Great Britain in 1860 was .....	522,201
In 1870 it was .....	1,623,416
Increase or British gain.....	<u>1,106,215</u>
American tonnage which entered the ports of Great Britain from other than United States ports in 1861 .....	572,660
In 1870 it was .....	192,577
Decrease or loss of American tonnage .....	<u>380,083</u>
British tonnage entering the ports of the United States from other than British ports in 1860 .....	614,163
In 1870 it was .....	1,150,407
British gain.....	<u>536,244</u>

In this direct trade we have lost 1,267,981 tons, while Great Britain has gained 1,642,459 tons, not only gathering in our losses, but also the percentage of increase developed in international trade. This was accomplished solely by means afforded in her iron screw-steamships.

In the American, foreign, and British tonnage entering the ports of the United States from the West Indies in 1861 we held in American vessels 86 per cent. of the whole amount. In 1870 we held but 12 per cent.

In the tonnage or carrying trade between the German states, Denmark, Holland, and Belgium and the ports of the United States in 1861 the American vessels held 21 per cent., and this in 1870 had fallen to only 7 per cent.

In the carrying trade from France to the ports of the United States we held in 1861 in American ships 89 per cent., and this in 1870 sunk to 22 per cent.

In the total of foreign, American, and British ships entering the ports of the United States from Great Britain in 1860 we held in American vessels 71 per cent., and this in 1871 had fallen to 19 per cent.

Our former average of 71 per cent. in the total of both direct and indirect carrying trade of 1860 is now reduced to 15 per cent.

To what is this ruinous decline in the carrying trade upon the ocean, which in 1860-'61 was the most prosperous in the world's history, to be charged? Is it the result of the four years' war from 1861 to 1865?

Let us see. When the first battle of that war was fought, in 1861—

	Tons.
In the month of July the registered and enrolled tonnage of the United States was .....	5,539,813
In July, 1865, when the war was ended, the registered and enrolled tonnage was .....	5,096,781
Showing a decrease of only .....	443,032

This seems to be the largest decrease that can be charged to the war, for in July, 1870, four years after the ending of the war, the total registered and enrolled tonnage was only 4,246,707. No, sir, it was not wholly the result of the war; the 443,032 tons were apparently the whole loss by that, and that number is but little more than the product of a single year's former building to replace the loss from natural causes of decay and wreck. The figures demonstrate this fact, and they demonstrate further that it was largely the result of a different war, a war of economy by screw iron steamships against side-wheel wooden ships; a war of well-cared-for builders and mariners against builders and mariners who received no aid or care whatever.

In 1861 our shipping comprised the following: In foreign trade, known as registered tonnage, 2,642,628 tons; in coastwise trade, known as enrolled and licensed tonnage, 2,897,185 tons. The official returns of 1871 show that we now have in the foreign trade a registered tonnage of only 1,425,142 tons; in the coastwise or enrolled or licensed tonnage, 2,857,465 tons; thus showing a loss in the registered tonnage of 1,217,486 tons, and in the enrolled or licensed tonnage a loss of 39,720 tons.

The facts set forth in this extract show several important truths, among them the following: that under the low tariff which democratic policy established and maintained up to 1861, American commerce in American ships was marching proudly to the front; the average tax of 19 per cent. on imports did not seriously embarrass us; we could give other nations that advantage and compete successfully, just as England can with Belgium, although wages are more than twice as high there as they are in the latter country; our extended coast line on the Atlantic, the Pacific, and on the lakes and the Gulf of Mexico, coupled with the fisheries on the New England coast, make our people natural sailors, as the coal trade of Newcastle makes the English superior to the sailors of continental Europe.

It disproves the oft-asserted falsehood that our tonnage was destroyed by the war and that our present subsidiary condition on the high seas is attributable in any essential degree to that cause, and it shows that our present tariff and navigation laws, which prohibit the building or purchase of ships, have placed us in our present disgraceful and ruinous condition. The loss of 1,217,486 tons of shipping engaged in foreign trade shows conclusively how and why we are suppliants when we were masters sixteen years ago; everything that con-

stitutes a ship, from the first nail that is driven to the bunting at her mast-head, is taxed on an average 44 per cent. in gold, and every mechanic that strikes a blow to construct her wears clothes, uses tools, and provides for his family at a cost of from 40 to 50 per cent. greater than the laborer or mechanic of any other country on earth has to pay for the same thing. Under such conditions ships cannot be built, and Congress will not allow our people to buy them elsewhere. A ship is but a beast of burden, a wagon, an ocean railway. The problem of the age is how to remove obstacles to trade, to cheapen production and transportation, and obtain the most for the least labor. The best intellects of the world are at work to accomplish these great ends. We have properly paid Captain Eads millions to remove obstacles at the mouth of the Mississippi; our Patent Office system is maintained to develop cheap machinery and tools; onerous protection is given to inventors to secure these things so as to enable us to compete with other nations; yet the indispensable ship is prohibited and obstacles insurmountable are erected by legislation to prevent our people from owning ships. When all other civilized nations have removed them, we are thus subsidized to enrich them and impoverish ourselves under pretense of encouraging a home industry which does not and cannot exist.

Think of a great people, industrious, energetic, and enterprising, occupying a continent with every variety of soil and climate, surrounded by great oceans, lakes, and gulfs, and intersected by magnificent rivers, having 3,046,504 square miles of territory—1,260,088 more than all Europe, Great Britain included, outside of Russia—with 77,470 miles of railroad, almost equal to the railroads of Europe with its three hundred millions of people, in this age of iron and steam, with our enormous productions, only building during the last fiscal year iron steam tonnage for the foreign trade equal to one of the first-class foreign steamers.

I said in the beginning that the present tax laws were outrages upon the labor production and consumption of the country. I have selected our commerce and our mercantile marine to illustrate my meaning, as it is impossible to run over all the various interests that are destroyed or crippled by them; but transportation is common to all.

I want relief for the people, and I desire the Senate to say to its Finance Committee, as my resolution proposes, that enough of the principal of the national debts has been paid for the present; that the payment of principal as well as interest in coin when the Government only received legal-tender notes for the bonds, and the reduction of the principal in ten years of \$656,992,226, being \$220,000,000 more than anybody pretends we are or ever were under any obligation to pay, is all and more than all that any public creditor can ask. That done, I shall rely on a majority of that committee, promptly devising ways and means with the \$37,000,000 of surplus thus at their disposal, to lighten taxation, remove obstacles to commerce, and give our own people a chance to compete with foreign nations, at least in our own foreign carrying trade.

Mr. David A. Wells, the former very able and intelligent special Commissioner of the Revenue, in his report some years ago furnished the country with exceedingly interesting and instructive information on this subject. Speaking of our national debt he showed by the following table how its burden would diminish if we would just let it alone. He says:

*Estimated percentage of the national debt to property from 1860 to 1900.*

Year.	National wealth.	Percentage of debt to property.
1860 .....	\$16, 150, 000, 000	.....
1870 .....	32, 318, 000, 000	7.84
1880 .....	64, 636, 000, 000	3.92
1890 .....	129, 272, 000, 000	1.96
1900 .....	258, 514, 000, 000	.98

Why hasten its payment beyond what good faith requires under such circumstances, when it can only be paid by onerous taxation at a time when industries are prostrated and further burdens cannot be borne?

In this connection I will read another table from Mr. Wells's report as I intend to refer to that subject before I close. He says:

A summary statement of the values created by the leading industries of the country would appear to be substantially as follows:

Agriculture .....	\$3, 282, 950, 000
Cotton manufacture .....	71, 500, 000
Woolen manufacture .....	66, 000, 000
Iron production, pig and bar .....	119, 950, 000
Leather manufactures .....	222, 600, 000
Railway service .....	360, 000, 000
Fisheries .....	100, 000, 000
Total .....	4, 223, 000, 000

I maintain that agriculture, which is and must always be the occupation of three-fourths of our people, the products of which far exceed all others, the surplus of which must seek a market abroad, and the foreign price of which regulates the prices of the whole, never has been, never can be protected, but is taxed to protect all protected interests, ought to receive serious consideration at our hands. Mr. Jefferson, in his great inaugural address, when he undertook to compress the essential principles of our Government, beginning with "equal and exact justice to all men," urged "economy in the public expense that labor may be lightly burdened; the honest payment of our debts, and sacred preservation of the public faith; encouragement of agriculture and of commerce as its handmaids." My desire is so to legislate as to accomplish these ends.

But I am not yet through with what I have to say in favor of free ships in our foreign trade. I know some gentlemen contend that we can build ships as well and as cheaply in this country as elsewhere. I have only to say in reply if that is done our people will not buy them elsewhere, but they are not built, and we *must* have them. If Senators will turn to the testimony accompanying report No. 28, second session of the Forty-first Congress, taken by a select committee of the House of Representatives, Hon. John Lynch, of Maine, chairman, they will find that all the most intelligent witnesses agreed that it was impossible for us under our tariff laws to build ships for the foreign trade; of course we can for the coastwise trade—that is a *monopoly*. We have by legislation built a Chinese wall round the country in that regard. Eastern ship-owners can charge what they please for freight and passengers from one port of the United States to another;

no foreign ship is allowed to interfere; our western producers suffer accordingly. The witnesses before the committee differed, of course, the ship-owners demanding free ships, the ship-builders demanding subsidies. The committee, as usual, reported in favor of subsidies.

Mr. Hincken, as one of the representatives of the New York Ship-Owners' Association, stated that there were one hundred and eighty members on the rolls of that association, and that almost every man owning a ship in the city of New York was represented by the association. The matter before the committee had been discussed by that association, and it believed that there was but one salvation for the shipping trade, and that that consisted in Congress permitting the purchase of ships where they could be bought cheapest. He thought that, with one or two exceptions, that was the unanimous opinion of the ship-owners of New York. The ship-builders of Maine would present their own views of the case. The ship-owners saw no other means of competing with foreign nations for the carrying trade unless they could buy their ships in the same market. The cost of sailing-ships, after they came under the American flag, would be greater than their cost would be to foreign ship-owners; but it was believed that the ship-owners of America had sufficient energy, enterprise, and ability to overcome that difference, just as the ship-builders of Maine thought that they could overcome the difference in the cost of labor, &c., if the materials that entered into the building of their ships were free of duty. The ship-owners of New York were for buying their tools where they could buy them cheapest, because a ship was but a tool, and it was the only tool that was prohibited from being imported. As to the amount of duty that was to be paid on imported ships, that would be a question for Congress to decide. They claimed as carriers that they ought to have the right, if the carrying trade of the country was of any advantage, to buy their tools wherever they could buy them cheapest. England had bought her ships here when she could not build them so cheaply herself; but England was now building iron ships, and France and Germany and Belgium were buying their ships in England. Before the French had entered into this commerce there were sixteen regular packets running from New York, which sailed as regularly as the day of sailing came round, whether they were full or not full. But what was the case now? The house which he (Mr. Hincken) represented was the sole survivor of four similar houses, and it was reduced to two ships. The trade of France had gone into foreign steamers. And why? Because American houses could not buy and sail foreign-built vessels.

Mr. Snow, among other things, said:

The New York ship-owners were simply asking for a law to enable them to occupy, as it were, railroad tracks across the Atlantic Ocean, and they had settled down to the belief that the only relief which they should ask from Congress was the passage of a free-navigation law. He remembered very well the passage of a similar law in England some twenty years ago. He recollected very well the discussion on that law. The ship-owning interest had opposed it very much. They had said that England, of all other nations, should keep the shipping trade to herself. She had her colonies then the same as she had now, and could build cheap ships. She had a very large colonial trade, and the English government opened the whole of that trade to competition. And yet, during the twenty years since then, the English shipping trade had increased enormously, so that that navigation law proved to be one of the most beneficial measures of legislation. If Great Britain were to do with this country what this country was doing with her, and refuse to Americans a participation in her colonial trade, American ship-owners would be obliged to put a large portion of the ships they now own under the British flag, in order to get employment for them. The conclusion that American ship-owners had come to was, that unconditional free trade in ships was what they must have.

Mr. Brett read a letter from Mr. Woodberry, in which he says:

As the case now stands the Hamburger can go to England or Scotland, buy a steamer, put her under the North German flag, and run her between any foreign port and any port in the United States with all the privileges of and in effect as an American vessel. This with the consent of our own Government. At the same time the American is not allowed by his laws to purchase this steamer and hoist on her the American flag. And even gives the Hamburger further encouragement by giving him the European mails to carry from our country. Here we see our Government, by its laws and acts, encouraging foreigners to the detriment of its own citizens. I suppose no one will dispute at this time that iron steamers are much better than those built of wood, for ocean navigation, as regards strength, speed, capacity, and economy. The high cost of iron steamers and vessels in the United States precludes our building them, and if not allowed by our Government to purchase them abroad, we must go without them and see all foreign carrying trade pass out of our hands.

On pages 272 and 273 of the Lynch report tables are furnished giving the steamship lines from New York to foreign ports in 1870, which show there was not a single American steamer that crossed the Atlantic Ocean, and I believe there is not one from that great port to-day engaged in the transatlantic trade.

The New York Board of Trade has laid before us a memorial within the last few days asking subsidies for steamship lines to South America, in which a gloomy account of our trade with our neighbors on this side of the Atlantic is given. It says, among other things:

At the present moment there are trading between Europe and the east coast of South America twelve regular steamship lines, most of them possessing large capital and employing the largest and finest class of steam-vessels. Of these, England owns six, France two, Germany two, and Italy two, but never are the Stars and Stripes seen floating from a merchant steamer in those waters, unless it may be a casual one on her way to the Pacific coast. While thousands of miles nearer these markets than European nations, every letter which we send to these countries must twice cross the Atlantic before reaching its destination, and our merchants on their way to South America must first go to Liverpool and take the steamer of a foreign nation to reach their destination.

In the last report of the Secretary of the Navy he says:

As our internal commerce increases beyond our own power of consumption the excess must either find a foreign market or the loss falls upon the producer. All commercial nations understand this, and therefore their efforts to secure foreign markets for their exports.

Before the close of the war our foreign export and import trade was carried on 100 per cent. more in American than in foreign vessels. Since the war it has been carried on 100 per cent. more in foreign than in American vessels. Until this condition of things is changed, our commercial independence cannot be established upon such a basis as it deserves to be.

The President in his message to Congress says:

The commerce of the United States with foreign nations, and especially the export of domestic productions, has of late years largely increased; but the greater portion of this trade is conducted in foreign vessels. The importance of enlarging our foreign trade, and especially by direct and speedy interchange with countries on this continent, cannot be overestimated; and it is a matter of great moment that our own shipping interest should receive, to the utmost practical extent, the benefit of our commerce with other lands. These considerations are forcibly urged by all the large commercial cities of the country, and public attention is generally and wisely attracted to the solution of the problems they present. It is not doubted that Congress will take them up in the broadest spirit of liberality, and respond to the public demand by practical legislation upon this important subject.

The great interest the people I have the honor in part to represent feel on this subject grows out of the fact stated by the Secretary of the Navy, that—

As our internal commerce increases beyond our power of consumption the excess must either find a foreign market or the loss falls on the producer.

The western and southern people are producers to an extent far exceeding any possible power of home consumption. The list of exports I called attention to proves it, and our productions are rapidly increasing. They must find a market abroad, and they can only be sold in foreign markets at the same price at which like productions are offered by other people. We can have no protection against pauper labor there. No matter how much tariff protection to other industries or taxation for any purpose may have made our products cost to produce them, the farmer—and his produce is three-fourths of the whole production and five-sixths of the exports of the country—cannot, as I said, be protected. When cotton falls in Liverpool it falls in New Orleans; when tobacco falls in Paris it falls correspondingly in Louisville, and the grain market of Chicago is regulated daily by the telegraphic dispatches from London. The foreign

price of the surplus regulates the price of the whole product. All that the producer can get is the foreign-market price less the cost of transportation, commissions, and insurance. Cheap transportation, through cheap ships and active competition, is his only chance to receive a reasonable compensation for his labor. All combinations to advance rates, every withdrawal of competing lines, are an injury to the producer of exports, and it is only by and through them that imports can be purchased. When, before the war, English and American ships competed, eight cents a bushel on wheat was the usual cost of ocean transportation. As our ships withdrew twelve cents became the price, and by a combination in 1873 it rose to twenty-eight cents, all of which of course came out of the producer. The foreign-market price did not rise. In short, western farmers are absolutely at the mercy of foreign ship-owners and combinations of capital, and are therefore more interested in cheap ships, active competition, and the establishment and maintenance of American tonnage than any other people.

I am opposed to subsidies which necessarily mean increased taxation direct or indirect to stimulate business enterprises and increase the profits of individuals or corporations. There can be no competition between our own lines of steamers or other classes of ships when one has a subsidy and the other has not; all have to be subsidized or none. Competition must be encouraged and combinations discountenanced. Without competition there will be no reduction of charges. To that end I want *free ships, free stores*, removal of all taxation from ships and supplies, allowances for mail and other services to the lowest bidder among American ship-owners, but I am opposed to the imposition of additional taxes in order to subsidize lines of ships or anything else. The day is not far distant when Congress will be compelled to stretch its "power to regulate commerce among the States" to the very verge of its constitutional authority, in order to prevent combinations of great railroad corporations traversing the continent from exacting more than a just compensation for carrying the products of the great West to the Eastern sea-board. I could show now, if time allowed, how Kentucky and other western shippers of cattle are *robbed* by pooling arrangements entered into by the great trunk lines whereby they are compelled to pay double price for cars and four times the value of feed at the railroad stock-yards, but I will not trouble the Senate with that at this time. I think the first duty of Congress is to open the traffic to free and full competition of our own citizens with other people on the high seas by remodeling the tariff and by repealing the navigation laws. So far as *we* are now concerned "Hell Gate" might as well be closed, and the mouth of the Mississippi remain unimproved. Foreign ships alone profit by our vast expenditures; we cannot compel a reduction of their freights to compensate us for them. The truth is we are a corporation and a combination ridden people. Legislation here seems to proceed on the idea that the mass of our people were born saddled and bridled while a favored few were born booted and spurred ready to ride them by the grace of God. Fourth-of-July orators tickle our ears by telling us that we are the freest people on earth; that this is purely "a Government of the people, for the people, by the people." Plain, practical men have reason to fear that it is rapidly becoming a Government of the bondholders, for the bondholders, by the bondholders and their confederated allies, the protected and subsidized corporations. My feeble efforts shall all be directed to prevent the consummation of such a system, and my resolution is directed to that end. Senators, you may defeat it now, and the Finance Committee may maintain and impose taxes to pay

\$37,000,000 this year, \$40,000,000 next, and so on, for each year requires an increase of millions, until, before twenty years, \$100,000,000 of surplus will have to be raised annually by taxation to maintain what is now called the faith of the nation, before our obligations are due and when holders prefer them to the money; but orders will be given from higher authority than this Senate for a reversal of that policy, "so that labor may be lightly burdened." It is heavily laden now; the camel has nearly the last feather its back can bear without breaking; our burdened labor is too intelligent to sink hopelessly down without a struggle. We will be wise if we heed its just complaints in time. The imposition or maintenance of unnecessary taxation now is criminal. When all business is paralyzed and all property greatly depreciated, when specie resumption is fixed by law at the close of this year, with a system of Federal taxation which has been nicely and cunningly arranged to "grind the face of the poor" and to exempt the rich from its burdens, the unnecessary and improper payment of \$37,000,000 a year of the principal of the public debt on any pretense, however plausible, is monstrous injustice. And, Mr. President, permit me to say, in view of the legislation which has taken place since 1862, it is a *palpable absurdity*. As that is not a very polite form of expression, I propose to show why I use it. I read from section 3694, which provides how the coin received from customs shall be applied:

To the purchase or payment of 1 per cent. of the entire debt of the United States, to be made within each fiscal year, which is to be set apart as a sinking fund, and the interest of which shall in like manner be applied to the purchase or payment of the public debt, as the Secretary of the Treasury shall from time to time direct.

Sec. 3695. All bonds applied to the sinking fund, and all other United States bonds redeemed or paid by the United States, shall be canceled and destroyed. A detailed record of the bonds so canceled and destroyed shall be first made in the books of the Treasury Department. The amount of the bonds of each class that have been canceled and destroyed shall be deducted respectively from the amount of each class of the outstanding debt of the United States.

Sec. 3696. In addition to other amounts that may be applied to the redemption or payment of the public debt, an amount equal to the interest on all bonds belonging to the sinking fund shall be applied, as the Secretary of the Treasury shall from time to time direct, to the payment of the public debt.

Senators will observe there then are two funds to be applied to the (so-called) sinking fund: first, 1 per cent. of the entire debt, which is now, say, \$2,100,000,000, or \$21,000,000 from that source; second, a sum equal to the interest on all bonds belonging to the sinking fund. The Secretaries show that we have purchased bonds and otherwise reduced the public debt since 1866 to the amount of at least \$680,000,000, all of which can, I think, properly be claimed as a part of the payment on behalf of the sinking fund. Interest at 6 per cent. on this vast sum exceeds now \$40,000,000 a year, so that the Secretary might with as much propriety claim \$60,000,000 a year for that fund as \$37,000,000; and it must not be forgotten that the burden increases rapidly each year; the interest on the \$37,000,000 of bonds purchased this year is added to the burden next, until in a few years the load will be intolerable, as any Senator can see by a simple calculation.

Hon. William A. Richardson, while Secretary of the Treasury, published a book entitled *Practical Information Concerning the Public Debt of the United States with the National Banking Laws*. Among other things he says:

The great revenues of the country in excess of the expenditures have enabled the Secretary to purchase bonds much more extensively than the sinking-fund law absolutely requires, and the debt has been more rapidly reduced than by the operation of that fund alone.

But the sinking fund itself will extinguish the entire national debt in about thirty years, or soon after the close of the nineteenth century, the exact time depending upon the price at which the purchases may be made in future.

Turn to the act of July 14, 1870, the first section of which is as follows:

An act to authorize the refunding of the national debt.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the Secretary of the Treasury is hereby authorized to issue, in a sum or sums not exceeding in the aggregate \$200,000,000, coupon or registered bonds of the United States, in such form as he may prescribe, and of denominations of \$50, or some multiple of that sum, redeemable in coin of the present standard value, at the pleasure of the United States, after ten years from the date of their issue, and bearing interest, payable semi-annually in such coin, at the rate of 5 per cent. per annum; also a sum or sums not exceeding in the aggregate \$300,000,000 of like bonds, the same in all respects, but payable at the pleasure of the United States, after fifteen years from the date of their issue, and bearing interest at the rate of 4½ per cent. per annum; also a sum or sums not exceeding in the aggregate \$1,000,000,000 of like bonds, the same in all respects, but payable at the pleasure of the United States, after thirty years from the date of their issue, and bearing interest at the rate of 4 per cent. per annum; all of which said several classes of bonds and the interest thereon shall be exempt from the payment of all taxes or duties of the United States, as well as from taxation in any form by or under State, municipal, or local authority; and the said bonds shall have set forth and expressed upon their face the above-specified conditions, and shall, with their coupons, be made payable at the Treasury of the United States. But nothing in this act, or in any other law now in force, shall be construed to authorize any increase whatever of the bonded debt of the United States.

Then turn to the bill of the Senator from Pennsylvania [Mr. WALLACE] now pending in the Senate, which provides for the issue of \$100,000,000 of bonds having fifty years to run, and it will readily be observed that at least \$1,100,000,000 of our national debt will have many years to run and holders cannot be compelled to surrender them or accept payment of their principal for many years after we have coerced from the tax-payers the funds necessary to pay them all off under the provisions of the sinking-fund acts for which Senators are now contending so strenuously; that is why I said the claim that the faith of the nation is pledged to maintain the present annual payments of principal of \$37,000,000, or any other sum, when we have already paid \$220,000,000 more than we were under any obligation to do after the provisions of the act of July 14, 1870, and the legislation properly proposed now, is a *palpable absurdity*. I am perhaps too anxious to reduce taxes and relieve industries, but it is because I see no other way to secure the return of prosperity that I am so earnest and anxious about it.

I know that taxation in some form must be maintained; that direct taxation in the only constitutional form allowed, which is in proportion to population "*as shown by the census*," would work gross injustice, as each citizen of Alabama or Texas would have to pay \$7 in proportion to his means for every dollar paid by the citizen of New York, as the following table from the last census shows:

*Table exhibiting the share per head of the wealth of each State distributed among the population.*

New York.....	\$1,483 27
Massachusetts.....	1,463 03
Connecticut.....	1,441 30
Rhode Island.....	1,366 28
California.....	1,140 15
Pennsylvania.....	1,081 31
New Jersey.....	1,038 49
South Carolina.....	294 99
Mississippi.....	252 67
North Carolina.....	243 39

Florida .....	235 23
Georgia.....	226 47
Alabama.....	202 46
Texas .....	194 30

Therefore free trade, even if desirable, is impossible, and I do not believe it is, in our present condition, desirable; it would cripple industries heretofore stimulated by excessive protection; but their protection should be reduced to something like the subsidy given incidentally from a revenue point; and, while a uniform horizontal tariff would be excessive for one industry and deficient for another, I do not believe that any industry ought to be protected beyond 20 per cent. with raw material free. If they cannot compete with other nations with that bonus their energies would be better directed in some other field of operations. The present average of 44 per cent. is in many cases absolutely prohibitory on many important articles, the increased cost up to the tax imposed being paid by the people to the home manufacturer, without a dollar of the taxation reaching the Treasury, which has to be supplied from other sources of taxation. In 1872, while I was a member of the Committee of Ways and Means of the House, we made an effort to reduce taxes on some leading articles to something like a revenue standard, and Mr. BURCHARD, of Illinois, an exceedingly careful and accurate member of that committee, made the following exhibit, which illustrates my meaning. He said:

The reductions in the bill of the duties upon but six classes of manufactures lessen the revenue not quite \$10,000,000, but lighten taxation \$54,000,000. A comparison of the domestic production with the imports will show as follows:

	Reduction of revenue.	Reduction on cost of do- mestic pro- duction.
Salt.....	\$615, 522	\$1, 175, 000
Leather.....	329, 258	3, 890, 000
Iron.....	2,135, 223	10, 583, 000
Steel.....	745, 539	1, 726, 000
Woolens.....	4, 967, 452	23, 000, 000
Cottons.....	788, 724	5, 000, 000
Total.....	8, 781, 718	45, 333, 000

It will be observed that the taxation is over 5½ to 1 of what reached the Treasury. In order to enable the Finance Committee to give such relief by reduction of tariff taxation as the foregoing statement shows can and ought to be done, I shall aid them to the extent of my ability, and I hope the committee will agree to impose such a tax upon incomes as will produce not less than \$23,000,000 annually, which added to the \$37,000,000 not needed for the payment of the principal of the national debt will enable us to remove \$60,000,000 *directly* and at least \$200,000,000 indirectly from the present burdens of taxation. I know the clamor that will be raised against the imposition of an income tax. The leading capitalists are already at work against it; the press will be freely used in their interest; every appliance will be brought to bear on members of Congress; flattery and threats, as they prove subservient or refractory, will be resorted to; but I hope they will not be successful in preventing its imposition. A petition signed by a large number of the rich men of New York, Boston,

Philadelphia, and Baltimore—among the names I observe those of Peter Cooper, J. J. Astor, A. J. Drexel, Joseph Patterson, Charles Francis Adams, and Abbott Lawrence—fortified by an old opinion of Hon. W. M. Evarts, now Secretary of State, has been laid upon our tables, a portion of which I will read.

*To the honorable the Senate and House of Representatives of the  
United States of America in Congress assembled :*

Your petitioners respectfully but earnestly protest against the passage of either of the House bills Nos. 1899 or 2032 or of any other measure reviving the income tax, for the following reasons:

First. It is impolitic. It is virtually a tax on industry and thrift, the virtues without which national prosperity is impossible, and which well-ordered governments seek to encourage and not to repress. Objects of taxation are more properly sought in the vices and luxuries of the people, such as whisky and tobacco, from which the individual who ultimately pays the tax can abstain, if he so pleases, without detriment to the community.

Second. It is unjust. Indirect taxes, such as those on whisky and tobacco, appertain themselves throughout the country by the regulation of prices through the laws of trade. The income tax, on the contrary, is a direct tax levied on the gains and savings of the individual and cannot be divided or transferred. Its practical working is shown by the statistics quoted in Senator Scott's speech of June, 1870, by which it appears that in 1869, out of a total collection of \$34,229,593.32, the seven States of Massachusetts, New York, New Jersey, Pennsylvania, Ohio, Illinois, and California paid \$25,895,597.87, or more than three-fourths of the whole, while those same States contained, by the previous census, but 13,106,852 inhabitants, or only about 40 per cent. of the population of the United States, and the valuation of their real and personal property was but \$6,516,629,409, or a little more than 40 per cent. of the aggregate wealth of the Union. Out of the two hundred and thirty-three congressional districts then existing, there were six which paid \$8,291,431.45, or nearly one-fourth of the whole, and seventeen paid \$17,066,277.01, or just one-half, while there were whole States in which the collections scarcely did more than defray the expenses of collection.

Third. Its fair collection is impossible. The most elaborate machinery that can be devised results at last in depending for the most part upon the conscience of the tax-payer, while in spite of its odious and inquisitorial character it can be so readily evaded that the unscrupulous escape, and the honest bear not only their own burdens but those of their neighbors. Under the old income tax, the number who paid was only about two hundred and seventy-five thousand, and when the exemption was raised to \$2,000 the taxables were reduced to one hundred and sixteen thousand out of a population of forty millions. True statesmanship seeks to remove temptation, and not to create it, in the relations between the State and the citizen.

I believe in the right of petition, and these gentlemen have presented their case well, but they look at the question only as it affects their own pockets. They would doubtless be glad to have their property and incomes continue free from all taxation, and let the day-laborer who has nothing but his wages pay as much as *he now does* to support the Federal Government, as *they* do with their princely fortunes. I can tell them that other "*well-ordered governments*" collect taxes from property and incomes. England in 1876 collected from them \$26,400,000, and the tax that year was only one-third of what it had been for the greater portion of the time since 1861, and they forget that the raising of tobacco, which they seem to regard as a vice, is as legitimate an industry as any other, and is followed by four times the number of men who ever paid an income tax; I propose to examine the issue they present so sharply in their zeal to avoid payment of their legitimate portion of the expenses of the Federal Government by a brief statement of the exactions imposed and the wrongs done to the people I represent by the present laws relative to tobacco which those gentlemen are so anxious to maintain. I have laid before the Senate petitions by the dozen, signed by hundreds of men as honest, as deserving of consideration as the millionaires who seek to oppress them, humbly begging Congress for relief. I fear they will not be heeded, but at the proper time they *shall* be heard. I will read now a

letter which I happen to have preserved, from one of my immediate constituents, on the subject of the tobacco tax. It was not intended for the public eye, but like dozens of others received from the plain men of the country, it illustrates the present condition of our people. It reads:

HEADQUARTERS, NICHOLAS COUNTY, KENTUCKY.

January 14, 1878.

DEAR SIR: Inclosed you will please find a petition to the Senate and House of Representatives asking a reduction of the tax on manufactured tobacco. I am and have been for five years a dealer in leaf-tobacco. In 1873 and 1874 I made money. In 1875 the tax was increased from twenty to twenty-four cents. Leaf declined immediately four cents per pound. I have lost money every year since the tax was increased. Last year I bought tobacco for less than the cost of production and yet I made no money. I am now buying leaf-tobacco at two to five cents per pound for the best crops. Ordinary and common will not pay to ship it to market. The farmers who raise tobacco are all small farmers, own small tracts of land in the hilly portion of our county, and the entire family, women and children, work in the tobacco patches. Tobacco is now so low they can hardly sustain life. They have to go in rags, and children half clad in winter. Where there was once a fair amount of money and happiness there is now want and almost starvation. The people in the tobacco-growing districts, to use a common phrase, are hard up. We are willing to bear our just proportion of tax. The present tax of twenty-four cents per pound on tobacco is entirely too much. One acre of land worth \$15 or \$20 is made to pay to the Government \$240. If the Government was to tax every acre or the product thereof the same as tobacco, it would pay the entire debt of the United States in one year.

If you will lend a part of your time and talents for the reduction of the tax on manufactured tobacco to at least twelve cents per pound you will confer a lasting favor upon your constituents in the tobacco-growing districts without a single exception.

Yours, very respectfully.

W. J. KENNEDY.

Hon. J. B. BECK,

*United States Senate, Washington, D. C.*

That is a truthful presentation of the condition of at least five hundred thousand poor families all over the South and West whose sole reliance for the money with which to purchase their sugar and coffee, and the blankets, clothing, medicines, and other necessities for their comfort and support is the sale of the little crops of tobacco they have produced mainly by the labor of the women and children, while the husband and father cultivated the corn and other crops necessary to feed them. Will any man say that the cultivation of tobacco is not as legitimate an industry and as honest a mode of utilizing the soil as the production of corn, wheat, or grapes, which may be converted into whisky, race-horses, or wine? Yet the producer of tobacco is prohibited by law from selling his crops to any person but a licensed dealer, who cannot sell again in quantities less than a hogshead unless he pays a special license of not less than \$500, which is more money than he ever saw. These poor people in very many instances live far remote from any licensed dealer, many of them have no means of carrying their crops to market, and if they do succeed they must take what the nearest licensed dealer sees fit to give, for there is generally only one and he the agent of some large distant manufacturer within miles of the point which they have often with great difficulty succeeded in reaching. Yet when we complain of these things and ask a mitigation of the oppression, when we show that twenty-four cents a pound coupled with such ruinous restrictions is destructive of all the rights of the producer, we are met by petitions from the rich men of the East who think that these poor people have no rights which Congress ought to respect. Surely people who raise an agricultural product which furnishes \$41,000,000 of revenue and \$32,000,000 of our foreign exports are entitled to some consideration, even if the de-

iciency in the revenue caused by granting the relief should be made up from the incomes of Mr. Astor, Mr. Drexel, and their copetitioners. Why should all the machinery of Government be maintained to guard and protect their colossal fortunes, and they be required to contribute comparatively nothing and escape all the burdens imposed on the poor people described in the letter I have read?

If this is a country of equal rights in the eye of the law, if equal and exact justice is to be done to all men, each should be required to contribute to the support of the Government in proportion to his means and the amount of property it protects for him just as stockholders in corporations pay expenses in proportion to the amount of stock held by each. Waiving the oppression of our internal-revenue system on the producers of taxed articles, I repeat that the tax falls more heavily on the poor than on the rich. The choicest Madeira and sherry, the richest Burgundy, and the imperial Johannesberger which the rich enjoy, pays a tax of forty cents a gallon, or less than 10 per cent. of its value. The whisky which their coachmen have to drink when they ape the vices of their masters is taxed 400 per cent. The choicest and most costly cigars, whether domestic or imported, pay no more tax than the cheapest and poorest and are generally smuggled with the connivance of our coast guard, so that they pay nothing. The twenty-dollar check pays the same stamp as the check for \$20,000. The match-box is used more in the cabins of the poor than in the palaces of the rich, and the patent medicines are specially imposed upon the people who cannot afford to employ the doctor. These things, with some taxes on banks, which borrowers have to make good, comprehend about all there is of internal revenue which produces \$113,000,000 annually. When we turn to the tariff the same condition of things is found. All or nearly all the items of its long list are arranged for protection and not for revenue; while all cost the consumer the foreign price with the tariff tax added, less than a fifth of the tax paid by the people reaches the Treasury; the lion's share goes into the pockets of that class of gentlemen who are protesting against a tax on the incomes they derive from such protection. The petition I read from shows that only one hundred and sixteen thousand men paid tax on incomes over \$2,000, and that most of them were in the Eastern States, in the great manufacturing protected section of the country; the men who I think, above all others, ought to furnish aid to the Government when the oppressed poor can no longer bear the burden.

The tariff, as I said, has taxed out of existence the ships on which the western farmer relied to carry his surplus products to foreign markets, and it reaches all the necessities of life and the necessities of business. The coarse blanket, the salt, the sugar, the clothing, the tools, and the medicines which all must have, stand prominent in the list, with the usual partial exceptions. Sugar from the Sandwich Islands is free because a few American gentlemen own all the sugar plantations of any value there. The people at large get no benefit, as the owners put the price to the point of competition with the imported and heavily taxed article. And salt for eastern fisheries is free under pretense of aiding an industry which produces sailors when we have no ships to sail. But the details of that system are too complicated to illustrate by items. It makes but little difference to gentlemen like these who object to the income tax if they do pay \$20 for a coat that can be bought for \$10 in any other country. That is perhaps not an hour's income; to some of them not the income of a minute; and they make it up by being protected themselves in

other ways—it may be by receiving from the Government as national bankers currency at 1 per cent, to loan to their neighbors at 10, or in some other equally profitable form of subsidy. But it is another and a very different thing when the *laborer* who HAS nothing but his head and his hands to rely on for the support of his family, when the millions of people like the small producers of tobacco of whom I have spoken, and whose condition I have shown, who have nothing to protect and cannot be protected, who are happy when they can earn a dollar for ten hours of hard labor, have to pay \$20 for a coat worth \$10. Ten days of their toil is gone to enrich the men who object to pay an income tax on wealth thus obtained. This is neither fancy nor exaggeration. Labor is taxed to death; poverty bears the burdens of Government; wealth and property escape; the cost of production is enormously increased, as the wages of labor must be raised to meet the enhanced price of the necessaries of life or the workman cannot live. So that we are excluded from all fair competition in the markets of the world with people who are not so taxed. We are compelled to produce everything that we have to sell at the highest cost, and sell it in competition with so-called pauper labor, and buy all we are compelled to have at an average of 44 per cent., whether it is produced at home or abroad, more than it is worth in open market.

Many of our distinguished eastern statesmen and financiers have for months been contending that the example of England, the leading commercial nation of the world, in making gold her sole measure of value, ought to be, indeed must be, followed by us because of her controlling influence in regulating standards of value and in determining what should be the yard-stick, the pound-weight, the bushel-measure of commerce. I hope they will see with equal clearness the wisdom of her policy in abrogating her antiquated navigation and tariff laws; in buying her ships as she did from us when we could build them, where they could be bought cheapest, and in furnishing her mechanics and laborers with the cheapest food and the cheapest clothing; in proclaiming her equality with all nations in any contest for supremacy. If we do that this generation will not pass away before our position in 1860 is not only regained but our supremacy on the land and sea will be established and acknowledged.

It may be somewhat unpleasant but it may be useful to take a glimpse, and that is all I can now present, of the conditions which reduced us to our present position. About twelve years ago we closed the most gigantic civil war in the history of the world. During its progress the tariff was increased from 18 to 43 per cent.; at its close a great national debt hung over the country, eleven States were unrepresented, ways and means had to be devised to pay expenses and interest and maintain the credit of the Government at home and abroad. The present distinguished chairman of the Committee of Finance of the Senate, Mr. MORRILL, of Vermont, was then chairman of the Committee of Ways and Means in the House of Representatives. A drag-net was thrown over the country in the shape of an internal-revenue bill, and everything was taxed to the extent of its capacity to bear burdens. If Senators will turn to volume 14 of the United States Statutes at Large, page 172, and examine the act approved July 13, 1866, they will see how sweeping and crushing the system was. Over \$60,000,000 was coerced under its ingenious provisions, by an unjust, illegal, and unconstitutional tax on raw cotton, four-fifths of which was exported and the price of all of which was regulated by the Liverpool market. Of course the tax fell on the producers, many of whom were the poor, ignorant, colored wards of the nation. Every

trade, profession, and occupation was taxed. Five per cent. was imposed on manufactures; \$2 a gallon on distilled spirits, from which, by the way, we collected about \$13,000,000 a year on a product of sixty millions of gallons, the balance of the \$120,000,000 being stolen by combinations between producers and Government officials, verifying the great idea in the Lord's prayer, "*Lead us not into temptation.*" Tobacco was taxed forty cents a pound, and yet less revenue was obtained than when it was twenty. Whisky was reduced afterwards from \$2 a gallon to fifty cents, and thirty-odd millions were obtained in lieu of \$13,000,000 at \$2. But I only want to call attention to these things in order to say that the law I have referred to was followed by another approved July 20, 1866. (See United States Statutes at Large, volume 14, page 328, by which tariff duties were largely increased, reaching the maximum of 48 per cent. in gold in order to compensate manufacturers for the heavy burden of internal taxation imposed upon them by the act of July 13, 1866, to which I have referred.) The present chairman of our Finance Committee of course managed it, and advocated it with his usual ability; and while he conceded that our internal-revenue taxation was enormous he admitted that the tariff duties we then had to maintain were anomalous and could only be justified because of the burdens imposed by internal-revenue taxation. Among other things he said, (see Globe, June 28, 1866, page 3468:)

The present bill is not likely to suit everybody, and I regard it as only a temporary measure, fit to be introduced because of the imperious necessities of our present condition. Many will think it inadequate to the exigencies of the country, and that much more ought to have been conceded to our imperiled industries.

Again he says:

Although our present tariff, in ordinary times, would be likely to be denounced as prohibitive, yet we find it practically productive beyond all precedent, yielding for the year ending June 30, 1866, nearly one hundred millions more in solid gold than was ever before realized, or about \$170,000,000. While the present bill is indispensable to preserve the aggregate of our internal revenue, it will not be likely to diminish, even if it does not increase, the revenue from imports. It will keep our people at work.

That tariff which the Senator from Vermont regarded as a temporary measure, fit to be introduced only because of the imperious necessity of our then condition, which in ordinary times would be denounced as prohibitive, has been maintained substantially ever since. The tax on manufactures, which was the excuse for it, was removed very soon, but the tariff protection continued. We reduced it 10 per cent. for a while, but "*the faith of the nation*" came again to the rescue of the protected interests, and in order to provide for the payment of \$37,000,000 of principal of the public debt annually, which I am trying to dispense with, the 10 per cent. reduction was again restored, with the necessary result of a falling off of imports of nearly \$10,000,000 a year in the articles on which the 10 per cent. was reimposed. The average percentage of tax on dutiables was again increased from 41 to over 46 per cent. under the lead of the Senator from Massachusetts [Mr. DAWES] in the House and the Senator from Vermont [Mr. MORRILL] in the Senate, as I showed when this resolution was presented by me on the 31st of January last. The finance reports show uniformly that as Congress reduced tariff taxation revenue increased; as protection was extended, revenue diminished.

In 1875, before these gentlemen added the 10 per cent. to the tariff, we received from customs \$157,167,722; in 1876, under its operation, we received \$148,071,985; and in 1877, after it had fair play, we received \$128,233,204, or nearly \$29,000,000 less than the receipts before the 10 per cent. additional tariff was imposed. That is the way in

which these distinguished financiers provided in part for the annual payment of the \$37,000,000 of the principal of the national debt. *The result is an additional tax on the consumer of 10 per cent., not only on the imported goods, (they average only about one-fifth of the consumption,) but 10 per cent. on the cost of all these classes of goods which enter into consumption, as well those manufactured at home as those imported, and a loss to the revenue last year of more than 20 per cent. of its gross receipts.* When I laid the resolution now under consideration before the Senate I referred to the debate which took place in both Houses prior to the passage of the act of March 3, 1875, entitled "An act to further protect the sinking fund and provide for the exigencies of the Government." I again read from the RECORD a portion of the speech of the then chairman of the Committee of Ways and Means, now a distinguished member of the Finance Committee of the Senate, [Mr. DAWES, of Massachusetts.] He said :

Mr. Chairman, this tax upon whisky will yield \$16,840,000; the tax upon tobacco of four cents on the pound will yield \$4,200,000; that on sugar will yield \$8,213,000; the 10 per cent. restoration will yield \$8,000,000. The whole increase, therefore, this bill will yield is, Mr. Chairman, \$37,750,000.

I have shown that the loss of revenue under the 10 per cent. "restoration" has in the last two years been \$38,030,255, while the burdens imposed have been four times that amount. How has it been with whisky which was to yield \$16,840,000? (It is true that is the increase of tax to the consumer.) The Government's receipts increased from \$52,081,991, in 1875, to \$56,426,365, in 1876, and to \$57,469,430 in 1877, the increase in two years being \$5,487,439, or \$2,743,719 a year instead of \$16,840,000. The developments made in the Saint Louis prosecutions, in the New Orleans, Chicago, and other recognized fraudulent whisky conspiracies, have advised the Senate and the country long ago in a form too scandalous to make the repetition pleasant where the residue of the increase went, and illustrates what will always happen when the just revenue point is greatly exceeded. Tobacco was to increase the revenue \$4,200,000, it fell \$2,000,000 short of the prediction, and as the letter I read shows, has driven to poverty, rags, and almost starvation the families of at least five hundred thousand honest, industrious people. I have not had time to look up the facts as to sugar. This much I know: the increased tax has been a heavy burden on one of the indispensable necessities of life, even among the poorest of the poor, and a magnificent subsidy to the American owners of the Sandwich Island sugar plantations who pay no tax and sell as high as though they did, while by fraudulent coloring of sugar imported in the shape of "melada" at the lowest rate, the sugar refiners have, in the shape of drawbacks on their high priced exports, swindled the Government out of millions on millions of dollars, as reports which the Committee on Finance can obtain by application at the Treasury Department will show.

In short that whole bill was a failure, to use a mild form of expression, and I am not willing to send my resolution dispensing with it and setting it aside to its two godfathers, the Senators from Vermont, [Mr. MORRILL] and from Massachusetts [Mr. DAWES,] who, from their long experience, I fear control the committee. They would treat it more severely than step-mothers usually do the step-children who are in the way of their own bantlings. It was because I feared that it would either be rejected or ignored that I have felt called upon now after waiting more than a month at the request of those gentlemen to let the Senate and the country know why I desire its passage. Having done so, the Senate can do as it pleases with it. I am satisfied that there is no propriety in keeping up taxation to pay any more of

the principal of the public debt, and that the Senate ought to say so. I am equally satisfied that a tax ought to be imposed on the incomes of the rich; that internal-revenue taxation ought to be reduced to the revenue standard, which is certainly not exceeding twelve cents on tobacco and fifty cents on distilled spirits, but we have agreed to let spirits alone; that the high protective features of our war tariff should be repealed and its provisions adjusted upon a revenue basis with such incidental protection as that would afford; that our navigation laws should be repealed and our people allowed to buy ships at the cheapest rates; that the complicated and compound duties now imposed are only so many means of confusing and concealing the true meaning of the laws; they are of such a character that the most intelligent merchant in New York dare not take his goods out of the custom-house without the aid of an expert. The Finance Committee need not be idle even if the Senate relieves it from the consideration of the further reduction of the principal of the national debt. Independent altogether of the questions to which I have referred, the adjusting and simplifying of the machinery of our revenue system would furnish labor enough for a committee of the wisest men in the Senate. I believe that no system can be devised which will furnish reasonable security for the collection and disbursements of the revenue so long as all collections and payments are under the control of one set of men with one set of books and under one head. The Treasury Department must be divided before long, it ought to be now, with one secretary and his assistants to collect and hold the revenues, and another secretary with his assistants to disburse it, each being wholly independent of and acting as a check upon each other; but I cannot go into that now.

I have applied several times in the last few weeks at the Treasury Department for information as to the present number of custom-houses, the collections made, and the expense of each, but have failed to obtain it. I do not believe that there have been many, if any, improvements since 1874. At that time we had accurate information, which was laid before the House in tabular form by the Senator from Massachusetts, [Mr. DAWES,] the recapitulation of which is as follows:

*Recapitulation.*

	Receipts from customs.	Compensation of employés.
32 ports where there were no receipts.....		\$75, 259 78
14 ports where receipts were not over \$500 .....	\$1, 995 52	72, 546 52
17 ports where the receipts were over \$500 and not over \$5,000 .....	27, 875 40	95, 389 20
8 ports where the receipts were over \$5,000 and not over \$10,000 .....	51, 581 71	55, 763 07
24 ports where the receipts were over \$10,000 and not over \$50,000 .....	576, 103 60	275, 218 63
10 ports where the receipts were over \$50,000 and not over \$100,000 .....	731, 027 41	259, 390 39
19 ports where the receipts were over \$100,000 and not over \$500,000 .....	4, 761, 194 25	527, 115 14
4 ports where the receipts were over \$500,000 and not over \$1,000,000 .....	3, 011, 014 43	304, 190 12
8 ports where the receipts were \$1,000,000 and over .....	175, 395, 252 70	4, 345, 474 50
136.....	184, 556, 045 02	6, 010, 347 35

Omitting the thirty-two ports where there were no receipts while

\$75,254.78 was paid to employés, an exhibit of the table of the fourteen where the receipts were less than \$500 may prove interesting and instructive. It is as follows:

*Ports where receipts have not exceeded \$500 for the year 1873.*

	Ports.	Receipts from customs.	Compensation of employés.
1	Machias, Maine .....	\$194 46	\$6, 868 72
2	Frenchman's Bay, Maine.....	24 68	6, 783 00
3	Castine, Maine .....	223 54	8, 562 25
4	Wiscasset, Maine.....	54 60	4, 074 47
5	Edgartown, Massachusetts.....	7 90	6, 650 07
6	Bristol and Warren, Rhode Island.....	216 62	1, 805 67
7	Burlington, New Jersey.....	302 20	534 00
8	Albemarle, North Carolina.....	80 15	5, 873 22
9	Fernandina, Florida.....	96 61	6, 938 15
10	Apalachicola, Florida.....	52 28	2, 912 15
11	Pearl River, Mississippi.....	90 25	2, 230 73
12	San Diego, California.....	222 52	4, 790 29
13	Alaska, Alaska.....	155 06	12, 674 10
14	Wheeling, West Virginia.....	274 65	1, 849 70
	Total.....	1, 995 52	72, 546 52

That condition of things verifies a somewhat remarkable letter which Mr. DAWES then read for the edification of the House, and which the Senate committee might hear with profit, to see how many more cases there are of the same sort now. I read the letter from the RECORD of February 12, 1874:

"In 1870 Congress passed a law containing a section making — and quite a number of cities in the West ports of entry. They had been ports of delivery for years. A previous act had made other places ports of entry, and all of them were about a dozen. In March, 1871, I was appointed appraiser of merchandise at this port. This was a new office, at \$3,000 a year. When I received that appointment I told —, who was my Senator, that it was a sinecure. I afterward told the Secretary of the Treasury to the same effect; and a year ago the present month I informed my other Senator that the law should be repealed and the office abolished. Well, an office-holder who expresses such sentiments about his own position is decidedly unpopular in the republican party, [laughter,] and in March last I was removed, for what cause I have never been informed; but I presume the charge was insanity. [Laughter.] There could be no charge of neglect or incompetency, for no officer was ever more faithful and diligent in drawing his salary than I was during those two years, and absolutely there was nothing else to do." [Laughter.]

Now, Mr. Chairman, this is the part I would like to emphasize particularly:

"Seriously, while members of Congress are talking about retrenchment and economy, let them abolish these twelve useless offices and save \$40,000 per annum, for their blank books and forms (which are not used) amount to a considerable sum. Will you give this subject your attention?"

"Truly your friend,

I suppose hundreds of such supernumeraries can be found all over the country. Perhaps this is an isolated case of an incumbent giving information against himself.

It must not be supposed that the pay of the employés is all the expense of these establishments, at least half of which could be properly converted into guard-houses or police stations, to watch smugglers; the rents, fuel, attendance, supplies, &c., cost the Government as much as the mere pay of officials and the pay drawn from the Treasury is often a very small part of the perquisites of custom-house officers. The report of the Secretary of the Treasury, Executive Document No. 124, first session of Forty-third Congress, shows that dur-

ing the four years preceding, there had been paid, under what was known as the moiety system at the port of New York—

To informers .....	\$491,342 26
To the collector .....	174,127 57
To the naval officer .....	162,286 62
To the surveyor .....	159,376 04
	<hr/>
	987,132 49

And at the port of Boston during the same period—

To informers .....	152,798 18
To the collector .....	50,816 40
To the naval officer .....	50,817 74
To the surveyor .....	50,817 60
	<hr/>
	305,249 92

While the collectors were receiving as salaries \$6,000, the naval officers \$5,000, and the surveyors \$4,500, each, besides.

Again. We have three separate naval organizations, with elaborate machinery, organized under the Treasury Department, with admirals and commodores and all sorts of paraphernalia; one called the revenue marine, another the light-house, and the third the coast-survey fleet. A smuggler can sail under the flag of either of the last two and be unmolested, and the first need not furnish a barrel of water to a light-house, no matter what the necessity. All ought to come under one head and all ought to be coast guards against smugglers.

But I need not point out duties to the Finance Committee. I only wish to show that there is plenty of important work for that committee even if we determine to settle the question of the further payment of the public debt in the Senate.

Mr. President, I have said all I desired to say, and perhaps more than I ought, upon this subject. The Senate must take its course. I have as much confidence in the Committee on Finance as any member of the Senate has, and I mean no disrespect to them in what I have said. I consulted no one as to the propriety of introducing the resolution. I am alone responsible for it. It was framed in no spirit of hostility to the rights or interests of the public creditor and with no desire to weaken the public credit or impair in any way the good faith which I hope we will ever maintain in the payment of all our obligations. But I am convinced that we can never resume specie payments nor restore prosperity to the people as long as our present protective-tariff system is maintained and upheld and such burdens are imposed upon the labor of the country. Something must be done to revive the commerce of the country; our prestige on the ocean must be restored. I need not tell the Senate how, from the days of the Phœnicians and Carthaginians to the present, prosperity and power have gone hand in hand with maritime supremacy. The pride we all felt in our clipper ships and the thrill of joy which ran through the country when in English waters, in a great national trial of speed, the news came that the America not only won but there was no second, is only equaled by our humiliation now when our flag is never seen except along our own coasts and foreign nations are our carriers, our commission merchants, and our bankers. I hope we will pay tribute no longer, and I trust that subsidies and taxation for protection will be abandoned and our people enabled by a more enlightened policy to contend with other nations on equal terms in the great markets of the world.



