

Nevada

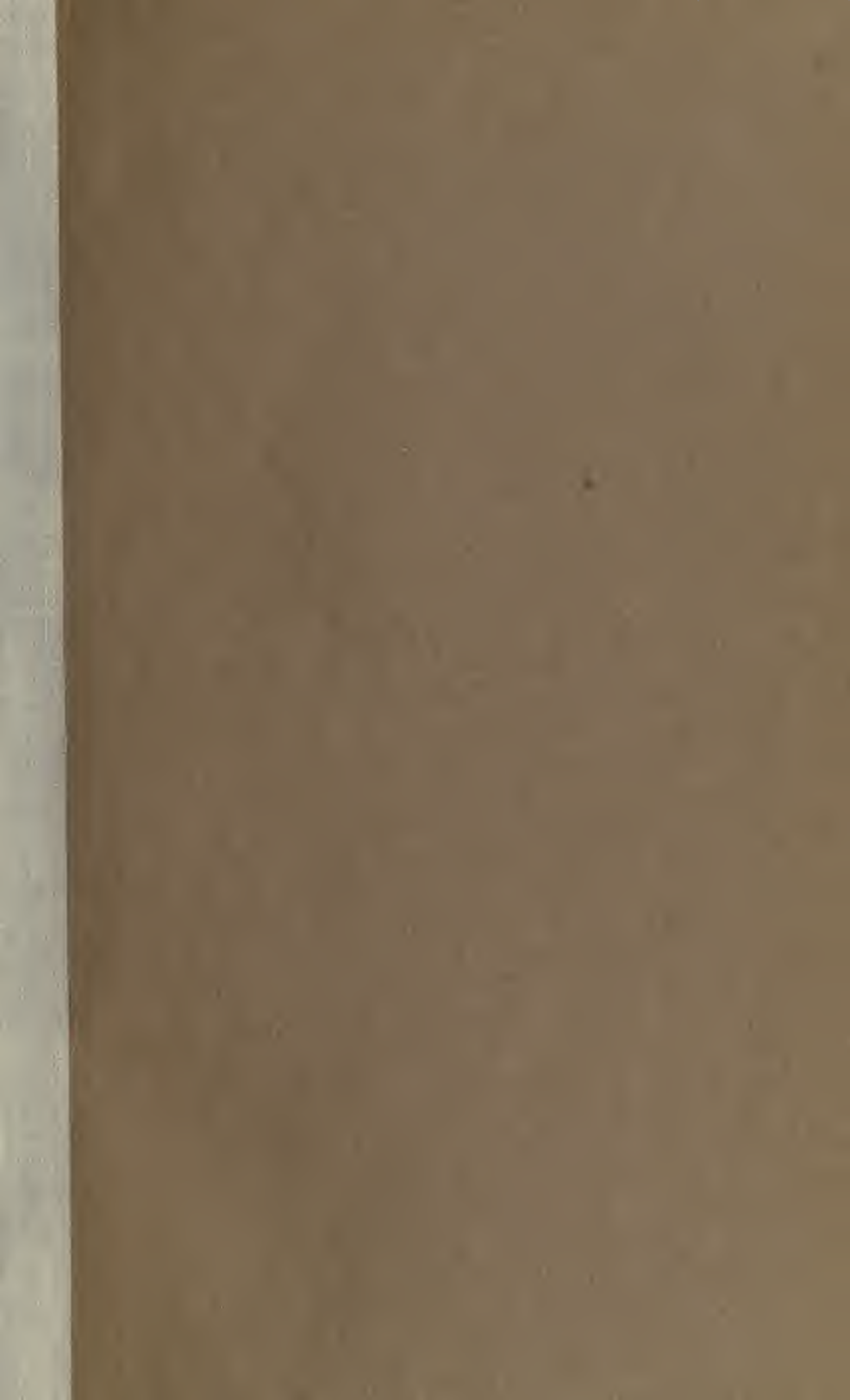
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REPORT

OF

Committee on Federal Relations

IN RELATION TO

JOINT MEMORIAL AND RESOLUTIONS ASKING  
GOVERNMENT AID IN THE CONSTRUCTION  
OF THE SUTRO TUNNEL.

CARSON CITY:  
JOSEPH E. ECKLEY, STATE PRINTER.

1867.





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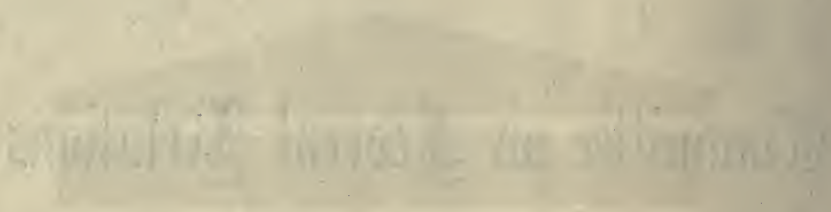
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## INDEX.

	PAGE.
I. MEMORIAL AND RESOLUTIONS.....	v
II. REPORT OF COMMITTEE ON FEDERAL RELATIONS.....	3
Extent of the Mining Regions.....	3
Gold Mining in California.....	3
Placer Mining not permanent.....	3
The Comstock Lode.....	4
Continuity in Depth.....	4
The Sutro Tunnel.....	4
Importance of the work.....	4
Other Lodes.....	5
Future Yield.....	5
Difficulties in Mining.....	5
Increase of Heat.....	5
Evil Effect of Foul Air.....	6
Necessity of a Tunnel.....	6
Mining Companies.....	6
European Mines.....	7
Depreciation in value of Money.....	7
Difference between the Precious Metals and other commodities.....	7
Increase in quantity of the Precious Metals.....	7
Appreciation in value of property.....	8
Increase of taxable property in the world.....	8
It does not affect individuals.....	8
It materially affects a debt.....	9
Beneficial influence in Great Britain.....	9
Prosperity of the United States.....	10
Financial Crisis.....	10
The National Debt.....	10
Increase of taxable property in the United States.....	10
Increase of revenue.....	11
Payment of the National Debt.....	11
Sir Robert Peel.....	11
M. Chevalier.....	12
Importance of the question.....	12
National Aid.....	12
III. LEGISLATIVE PROCEEDINGS.....	13



# MEMORIAL AND RESOLUTIONS.

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## SENATE.

### JOINT MEMORIAL AND RESOLUTIONS ASKING GOVERNMENT AID IN THE CONSTRUCTION OF THE SUTRO TUNNEL.

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WHEREAS, The State of Nevada contains within its borders a silver vein called the Comstock Lode ; and

WHEREAS, A deep drainage and exploring tunnel, leading into said lode, is necessary to its permanent yield of the precious metals ; and

WHEREAS, The character of said lode is now demonstrated to be such as to give ample security to the capital necessary to be advanced for its construction ; and

WHEREAS, The following facts in connection with the foregoing are of weighty consideration :

That the mines of said lode have been worked for seven years last past, and during this time have produced sixty-four millions (64,000,000) of dollars.

That the present annual yield is sixteen millions (16,000,000) of dollars, an amount equal to the total annual product of the Republic of Mexico.

That the expense of working these mines so rapidly increases with the increased depth, that the sixteen millions (16,000,000) of dollars were last year realized at a cost of fifteen million five hundred thousand (15,500,000) dollars ; and, at the present ratio of cost to production, their resources would, in a few years, be wholly absorbed, and the mines practically abandoned.

That the causes of increased cost are, amongst others, the accumulation of water in the mines, insufficient ventilation, and the increase of heat with depth ; and that now, having reached a depth of eight hundred (800) feet, these combined causes will prevent their being worked profitably, on the present plan, below twelve hundred (1200) feet.

That the Comstock Lode is conveniently placed for deep drainage, being situated on the side of a mountain, which declines into a valley, from which a horizontal adit or tunnel four miles long can be constructed, which will cut the mines at a depth of two thousand (2000) feet.

That this tunnel once constructed, these mines can be profitably worked to a depth of three thousand (3000) feet, and by means of it, at least a thousand millions of treasure will be secured.

That the State of Nevada cannot render material aid to this indispensable work, by reason of Constitutional inhibitions.

That the mining companies, while producing large amounts of bullion, and distributing it into the channels of trade and commerce, under existing circumstances derive but an inconsiderable profit, and are not equal, without Government aid, to the successful prosecution of such an undertaking.

That the taxable property of the United States has been more than doubled within the last eighteen years, and this increase has mainly resulted from the vast addition to the precious metals within this time; and the further addition of one thousand millions would be an increase to that extent of the public resources, and virtually a reduction, to a considerable extent, of the public debt.

That the United States contain, by estimation, one million square miles of mineral land, the chief value of which is to be found at great depths from the surface; and what is now wanting to enlist private enterprise in the aid of deep mining, and thus develop incalculable wealth, is a practical proof, upon such a scale as the proposed tunnel would furnish, that our mines are continuous to the lowest levels at which drainage can be secured.

That in all European mining countries, the aid of Government is given, on broad financial considerations, to enterprises of this and like character.

That the magnitude of the proposed work and the results to flow from its completion, as favorably affecting great financial questions, justly assign to it a National consideration. Therefore,

*Resolved*, By the Senate and Assembly of the State of Nevada, conjointly, that our Senators be instructed, and our Representative requested, to use their best endeavors to obtain from Congress such material aid as will secure the speedy construction of the deep drainage and mining tunnel known as the Sutro Tunnel.

*Resolved*, That the Governor be requested to transmit a copy of the foregoing preamble and resolutions, together with the Reports of Committees, to each of our Senators and to our Representative in Congress.



# REPORT.

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The Committee on Federal Relations, to whom was referred "Joint Memorial and Resolutions, asking Government aid in the construction of the Sutro Tunnel," beg to report the same back, and recommend its passage.

Along with said Memorial, and as a part thereof, they likewise submit the following Report :

## EXTENT OF THE MINING REGIONS.

The vast regions embracing portions of California, Nevada, Dakota, Nebraska, Colorado, New Mexico, Arizona, Utah, Washington, Oregon, Idaho and Montana, covering an area of one million of square miles, containing untold wealth in gold and silver mines, to-day command the attention of the American statesman.

## GOLD MINING IN CALIFORNIA.

Mining for gold and silver is comparatively of recent date within this country. The discovery of gold in California gave the first active impulse to the search for precious metals. The immense "*placers*" of that region invited a numerous and adventurous population from all parts of the globe, and the facility with which the surface earth yielded its golden treasures, the implements required consisting only of a pick, a shovel and a rocker, within the reach of every one, soon swelled the amount of bullion produced to astounding figures, and worked a revolution in the financial condition of the entire world.

## PLACER MINING NOT PERMANENT.

But the gold distributed in the alluvial deposits, attacked as it was by many thousands of miners, soon disappeared in the most favored localities. The enterprising mining population looked for more permanent deposits, and discovered them at some depth upon the bedrock, where ancient rivers had deposited the precious particles.

These also gave no promise of permanency; and the intelligent miner now

turned his attention to the *fountain head, the true matrix of the precious metals, from whence the immense distribution had taken place, which covers the hill-sides and valleys—the quartz mines of the country.*

#### THE COMSTOCK LODGE.

The discovery of the Comstock Lode, in the then Territory of Utah, on which are located the most productive mines at present wrought in the world, gave a new impulse to quartz mining.

This remarkable mineral deposit occurs in what is termed a true fissure vein, or a vein formed at a very remote period by some great volcanic convulsion, causing the crust of the earth to be rent in twain, thus creating an immense chasm or fissure, several hundred feet in width, and several miles in length.

#### CONTINUITY IN DEPTH.

This large fissure, which gradually filled up by ascending vapors and gases, carrying with them, in a volatile form, quartz, gold and silver, leaves no doubt to the scientific investigator, of its permanency; for the very theory of its formation, having been filled from unknown depth, compared with which the deepest mining works appear insignificant, proves it conclusively.

Independently of theory, however, practical experience has shown all over the world, that true fissure veins are continuous in depth; and not a single authenticated instance is recorded where one of them has failed. Notwithstanding, mining is looked upon as a hazardous undertaking; and no matter what theories demonstrate, or what experience in other countries teaches, capital is reluctantly invested in adventures of that kind.

As stated already, quartz lodes are the true source of the precious metals: to them must we look for the future supply, *and anything which tends to develop that interest, should be regarded by the legislators of the country as an all-important benefit to the nation.*

#### THE SUTRO TUNNEL.

What is required to thoroughly develop that interest, and to induce private capital hereafter to embark largely in mining pursuits, is a practical and positive demonstration of the continuity of the mineral lodes in depth; and no work will prove this proposition more thoroughly and satisfactorily than the proposed Sutro Tunnel. This tunnel, starting near the borders of Carson River, a distance of four miles, will cut the Comstock Lode at a depth of 2,000 feet; while if continued a short distance, it will reach a point under the summit of Mount Davidson at a depth of 3,500 feet. By means of the tunnel the mines can be worked at least 1,000 feet below its level, thus demonstrating the continuance of the Comstock Lode to a depth of 3,000 feet, a greater depth than has yet been reached in any mine in the world.

#### IMPORTANCE OF THE WORK.

The bearing this work will exercise upon the future of the mining interest in the United States, cannot be too highly appreciated. Capital will be invested in enterprises of the like character where no confidence exists now; millions of treasure will see the light which now lie buried deeply in the bowels of our

mountain ranges. The immediate and direct results from this work will be the developments made on the Comstock Lode. This great lode was discovered in the year 1859, and has yielded thus far \$64,000,000 in silver and gold—chiefly the former. The regular annual yield, now, is \$16,000,000.

#### OTHER LODES.

If we compare this lode with other great mineral lodes, we find that none were ever worked in the old world of equal or approaching magnitude. The American continent has produced three similar mines—the great Potosi mine of Bolivia, which yielded \$1,200,000,000, the Véta Madre, of Guanajuato, \$800,000,000, and the Véta Grande, of Zacatecas, \$650,000,000—the two last named being in Mexico. Competent geologists assert that the Comstock is a larger, more regular and permanent vein than either of the others mentioned. What can we expect to be its yield, with the proposed tunnel once finished, enabling the miner to explore the same to a depth of three thousand feet, with the modern improved appliances for mining, and the enterprise and energy of the American artisan to guide its operations?

#### FUTURE YIELD.

If we estimate its yield after the proposed tunnel is completed, at \$30,000,000 per annum, *we will have, in thirty years, the enormous yield of \$900,000,000*; and this may be considered a moderate estimate. Without the projected tunnel, this vast and important property, which directly and indirectly gives employment to nearly or quite 100,000 people, will, after the lapse of a few years, have to be abandoned, for reasons which are at once apparent and conclusive.

#### DIFFICULTIES IN MINING.

The yield of these mines for the year ending December 31st, 1866, has been \$16,000,000, which was procured at a cost to the mining companies of \$15,500,000, leaving the paltry net profit of \$500,000. This extraordinary result is due to various causes, prominent amongst which are, the difficulty of removing the water from the mines, want of ventilation, the increase of heat in going downwards, and the expense of transportation. These mines are situated on the side of a mountain, and are approached by perpendicular shafts, of which there are over forty. These have reached a depth of from 500 to 900 feet, and on each of them a steam engine is placed, which propels pumps, and at the same time hoists the ore and *débris*. The cost of fuel at Virginia City and Gold Hill, where these shafts are located, is sixteen dollars per cord, in gold; and the consumption of fuel is so great, that this item alone absorbs a large share of the yield, and that item of expenditure increases for every foot of descent. These engines are kept in motion day and night; for were they allowed to stop, the mine would fill with water.

#### INCREASE OF HEAT.

Another serious obstacle as depth increases, is the difficulty of keeping the mines supplied with a sufficiency of fresh air to furnish the oxygen required for respiration. The increase of heat, which amounts to one degree of Fahrenheit for every sixty feet in depth, prevents the miner from performing the same amount of work as if he were employed in a healthy atmosphere, and at a moderate tem-



perature. The pecuniary loss from this source is very large, considering that 3,000 persons are employed at an average pay of three dollars and fifty cents in gold per day of eight working hours. This loss is estimated at twenty-five per cent.

#### EVIL EFFECT OF FOUL AIR.

*But a consideration of a still graver character, is the evil effect a foul atmosphere exercises upon the health of the miner.* Amadee Burat, an eminent French writer, says upon this subject:

“The circulation of fresh air is one of the most important in mining. This importance may be readily understood when we find that four-fifths of all workmen who perish in mines, are victims of foul air.”

Scoffren, an English writer, makes use of the following language:

“The stagnant air acts on the organs of respiration, producing consumption and other allied diseases, which carry off the miner in the prime of life. As a class, they are robust and naturally less liable than even seamen to such diseases; but such are the pernicious effects of the impure air they breathe, that fifty-two per cent. die of consumption, in a country where the per centage amongst agricultural and other surface laborers amounts only to twenty per cent. in the worst localities.” *The cause of humanity should provide a remedy, when an effectual one is within reach!*

Many other difficulties present themselves in deep mining, which increase in a fearful ratio as depth increases; and the profits, which have already dwindled down to a small amount, soon, thereafter, will be absorbed entirely, and then be exceeded by the cost of mining.

The fate of these mines, if no remedy is found, is therefore clearly foreshadowed.

#### NECESSITY OF A TUNNEL.

*The only remedy, positive and sure in its operation, which presents itself is, the construction of a deep adit or tunnel.* It will cut the mines at a depth of 2,000 feet, draining off the water to that depth by its natural flow, securing the best ventilation, cooling the atmosphere in the mine, furnishing facilities for transportation, and making it possible to dispense with all pumping and hoisting machinery: for the miner can enter the mines from below, work upwards, and the ore will fall by its own gravity, whilst a railroad in the Tunnel will transport the same at small cost to the adjacent valley.

Such are some of the considerations which present themselves, and which show that *the proposed work is a matter of vital importance, and one of absolute necessity to the State of Nevada.*

#### MINING COMPANIES.

The mining companies, which are mostly incorporated in California, and the stock owned to a large extent in San Francisco, are unfortunately mainly controlled by a class of men who speculate from day to day upon the varying fortunes of the mines, and only care to increase the momentary price of the shares. Their interest in the permanent yield is but small; and this cause, together with the present financial condition of most of the companies, give little hope of substantial aid from that source.

## EUROPEAN MINES.

*Whilst we are enriching the whole nation by the production of large amounts of bullion, we are ourselves growing poorer from day to day.* In all European mining countries, the respective Governments, with an eye to the importance of the production of bullion, and to promote the general welfare of the population, have given substantial and liberal aid to similar undertakings—a number of which, on a much larger scale than the one here proposed, have been successfully carried out, and the future of their mines secured. A tunnel was lately finished in Hanover fourteen miles in length; one in Saxony is nearly completed eight miles in length; and another in Austria of equal length.

*Your Committee now desire to call attention to the important bearing the increased production of bullion will exercise upon the financial condition of the country, and in the payment of the national debt.*

## DEPRECIATION IN VALUE OF MONEY.

The world's stock of coin in the year 1848 was, in round numbers, eighteen hundred millions of dollars; to this has been added to the present time, an equal amount, of which the United States have furnished, according to Secretary McCulloch's late Report, eleven hundred millions. Allowing two thousand millions as the natural increase of taxable property by the growth of the country, we still find that the same has doubled in the United States, within the period named. From seven thousand millions it has increased to sixteen thousand millions. This result is due, not to a direct depreciation of the precious metals, for that is regulated by the standard adopted by our Government, but by an increase in value of all property and commodities. Thus the same article that could have been bought eighteen years ago for one silver dollar, now requires two; or, in other words, two silver dollars at the present time only have the intrinsic value of what one then had.

## DIFFERENCE BETWEEN THE PRECIOUS METALS AND OTHER COMMODITIES.

It must be borne in mind that there is a vast difference *between the production of gold and silver and all other commodities.* Most of the latter are articles of consumption; they are useful for a special purpose, in the application of which they are consumed, disappear, and cease to exist. The farmer who produces wheat to the value of \$1,000, and the miner who digs out gold to that amount, may derive an equal profit from their different pursuits; and hence one stands on an equality with the other, so far as individual gain, or the interest of a particular locality is concerned: yet wheat is ground into flour, made into bread, and consumed, while the gold dug out by the miner finds its way into the channels of trade, is transferred from one nation to another, as the balance of trade may require, *and forms a permanent addition to the stock of the precious metals of the world.*

## INCREASE IN QUANTITY OF THE PRECIOUS METALS.

At the time of the discovery of America, in 1492, the stock of the precious metals in Europe was estimated at \$170,000,000. In the year 1600, it had increased to \$650,000,000—a gain of nearly four fold.

That extraordinary addition to the precious metals in a little more than one hundred years, had a corresponding effect. Gold and silver became cheaper in the same ratio as their quantity had increased. It required four times the



amount to buy any commodity—that is to say, all commodities increased in price four fold. The same increase in prices can be traced distinctly to the present day, as the stock of the precious metals gradually increased, while making due allowance for all other causes which would exercise a bearing in that direction, such as the increase of commerce, the growth of population, facilities for intercourse between different nations, etc., etc.

#### APPRECIATION IN VALUE OF PROPERTY.

The conclusion we arrive at, by carefully examining into this subject, which is clear and positive, is that the increase in quantity of the precious metals depreciates their value in precisely the same proportion as it appreciates the value of all kinds of property. Or, in other words, the per centage added to the stock of the precious metals in circulation, adds the same per centage to the money value of all property in the world.

Francis Bowen, the best American authority on political economy, expresses this view in the following words :

“The general principle is, that the value of money falls in precisely the same ratio in which its quantity is increased. If the whole money in circulation should be doubled, prices would be doubled ; if it was only increased one-fourth, prices would rise one-fourth.”

The same principle is laid down by John Stuart Mill, well known as the highest modern authority in England. He says :

“It is to be remarked that this ratio would be precisely that in which the quantity of money had been increased. If the whole money in circulation was doubled, prices would be doubled ; if it was only increased one-fourth, prices would increase one-fourth.”

#### INCREASE OF TAXABLE PROPERTY IN THE WORLD.

To illustrate the immense bearing this rise in prices exercises all over the world, we will assume the following figures :

Taking the taxable property of the whole civilized world at \$200,000,000,000, the amount of money in existence at \$3,600,000,000, the addition of \$900,000,000 would depreciate the precious metals 25 per cent., and, in consequence, it would require \$250,000,000,000 to purchase all the taxable property of the world. The addition of \$900,000,000 in money, therefore, would have the effect of producing \$50,000,000,000 in the increased value of property. Every addition of \$100,000,000 has its corresponding influence on the increased value of all property ; it adds over \$5,000,000,000 to the property of the world. This increase of value may not be perceptible from year to year ; the aggregate result, however, after a number of years, is inevitable. Bowen refers to this as follows :

“There may be brief and violent fluctuations in the relative value of particular commodities, while the great movement is steadily going on which slowly enhances the value of all.”

#### IT DOES NOT AFFECT INDIVIDUALS.

This increase in value, however, does not materially affect individuals : for when the cost of living increases, the rates of wages do, also ; *but it acts as a stimulus to enterprise, and thus creates general prosperity.*

Hume, long ago, remarked that, “in every kingdom into which money begins to flow in greater abundance than formerly, everything takes a new face, labor

and industry gain life, the merchant becomes more enterprising, the manufacturer more diligent and skillful, and even the farmer follows his plough with greater alacrity and attention. But when gold and silver are diminishing, the workman has not the same employment from the manufacturer and merchant, though he pays the same price for everything in the market; the farmer cannot dispose of his corn and cattle, though he must pay the same rent to his landlord. The poverty, beggary, and sloth that must ensue, are easily foreseen."

Even so cautious and conservative a writer as the distinguished English political economist, McCulloch, fully admits the truth of this view, though he adds the just qualification that the fall in money must proceed from natural causes.

William Jacob, in his valuable treatise on the precious metals, remarks:

"The world is very little really richer or poorer from the portion of metallic wealth that may be distributed over its surface: the whole mass of material wealth is neither diminished nor increased by any change in the relative weight of gold and silver to the usual measures of other commodities. The only benefit to the world in general, from the increase of those metals, is, that it acts as a stimulus to industry by that general rise of money prices which it exhibits to the view. It matters little to him who raises a bushel of wheat whether it is exchanged for a pennyweight or an ounce of silver, provided it will procure for him the same quantity of cloth, shoes, liquors, furniture, or other necessaries which may be desirable to him."

#### IT MATERIALLY AFFECTS A DEBT.

*But when a debt already exists, being a fixed number of dollars, the decrease of value of each dollar reduces the debt in the same proportion.* The immortal and much lamented LINCOLN thoroughly understood this question, when, in his annual message of 1862, he made use of the following language:

"The immense mineral resources of some of those Territories ought to be developed as rapidly as possible. Every step in that direction would have a tendency to improve the resources of the government and diminish the burdens of the people. *It is worthy of your serious consideration whether some extraordinary measures to promote that end cannot be adopted.*"

That wise and good man had carefully studied the effect which was then strongly felt in Europe, and which is alluded to by Alison, the English historian, as follows:

#### BENEFICIAL INFLUENCE IN GREAT BRITAIN.

"It will belong to a succeeding historian to narrate the wonderful spring which this country (England) made during the five years which followed 1852, under the influence of the gold discoveries in America and Australia. The annual supply of gold and silver for the use of the world was, by these discoveries, suddenly increased from an average of ten millions to thirty-five million pounds sterling. Most of all did Great Britain and Ireland experience the wonderful effects of this great addition to the circulating medium of the globe. Prices rapidly rose, wages advanced in a similar proportion, exports and imports enormously increased, while crime and misery rapidly diminished. Wheat rose from forty-five to sixty-five shillings, but the wages of labor of every kind advanced in nearly as great a proportion; they were found to be about 30 per cent. higher than they had been five years before. In Ireland, the change was still greater, and probably unequaled in so short a time in the annals of history. The effect of the immense addition to the currency of the world, to the industry of all nations, and in an especial manner of the British Isles, has been prodigious. It has raised our exports from £58,000,000 in 1851 to £97,000,000 in 1854, £95,000,000 in 1855,



and £115,000,000 in 1856; and augmented our imports from £157,000,000 in the former to £172,000,000 in the latter year."

PROSPERITY OF THE UNITED STATES.

Thus, the influence of the increased metallic currency saved Great Britain from bankruptcy; and while its mysterious agency was working these wonders in Europe, it exercised a similar bearing in this country. Some years before the rebellion, this country had commenced to prosper; and when that deplorable event began, our resources were just beginning to expand under the beneficial influence of the increased metallic wealth. Had it not been for the constant and continuous flow from California, which increased the resources many fold, when they were most needed, the difficulties of providing the requisite means to carry on the war would have been so great that the disruption of the Union might have been the result. It has been the wonder and marvel of all Europe how the United States carried on that gigantic war for four years, kept one million of men in the field, contracted during that brief space of time a national debt of nearly \$3,000,000,000, and came out in a more flourishing and prosperous condition than when engaged in it. The explanation of this wonderful phenomenon is simple—the *magic agency of gold wrought it.*

FINANCIAL CRISIS.

Since the war is ended, the immense increase in prices, which is particularly noticeable in the large cities of the East, where real estate, rents, wages, and everything else have assumed an apparently exorbitant value, has been mainly ascribed to an inflated paper currency, and an extensive financial crisis has been predicted as a necessary consequence. We have been expecting it for three years past, and it has not taken place yet, nor do we consider it probable that it will at all occur, so long as the increase of metallic wealth keeps pace with the expansion of trade. The credit system of the United States has been much curtailed since the war, and there has been no time in our history when the business community have been less in debt. How can a great financial crisis and panic occur when no overtrading on a credit basis has taken place, and not sufficient creditors exist to make their alarm the cause of such a commercial convulsion?

THE NATIONAL DEBT.

The issuance of a depreciated paper currency during the war has had the effect, as confidence became restored, and as its metallic value increased, of enriching the population at large who held that currency, enabling them to pay off their private debts, while the Government, issuing at one time as much as three paper dollars, which only had the value of one metallic dollar, became proportionally more in debt. The result, therefore, has been, that the individual debts of the American people have, to a large extent, been transferred to the Government, increasing the same to an enormous extent, and amounting to-day to \$2,500,000,000. That debt is a burden on \$16,000,000,000 of taxable property; if we increase the latter, we virtually reduce the former.

INCREASE OF TAXABLE PROPERTY IN THE UNITED STATES.

The amount of the precious metals at present in circulation throughout the world, amounts to \$3,600,000,000. The proposed tunnel to the Comstock Lode

will, within thirty years, add \$900,000,000 to the same, or twenty-five per cent. It will consequently add twenty-five per cent. to the taxable property of the United States, equal to \$4,000,000,000, which, at the rate of taxation of two per cent., will give an annual increase to the resources of this Government of \$40,000,000 for each of the first thirty years, and \$80,000,000 for each year thereafter.

#### INCREASE OF REVENUE.

The proposed work adds each year \$30,000,000 to the stock of the precious metals, equal to the one hundred and twentieth part of the \$3,600,000,000 in existence. It therefore adds the one hundred and twentieth part to the \$16,000,000,000 of taxable property in the United States, equal to an annual increase of \$133,333,333. That addition, made from year to year, gives the above stated result, as will be seen by the following table:

	<i>Increase of Taxable Property.</i>		<i>Increase of Revenue.</i>
1st year.....	\$133,333,333	at two per cent. =	\$2,666,666
2d year.....	266,666,666	“ “	5,333,333
3d year.....	400,000,000	“ “	8,000,000
6th year.....	800,000,000	“ “	16,000,000
12th year.....	1,600,000,000	“ “	32,000,000
15th year.....	2,000,000,000	“ “	40,000,000
24th year.....	3,200,000,000	“ “	64,000,000
30th year.....	4,000,000,000	“ “	80,000,000

#### PAYMENT OF THE NATIONAL DEBT.

*If this annual increase in revenue be set apart for the purpose, it will pay off the whole National debt in forty-six years.*

When Francis Bowen wrote his “Principles of Political Economy,” we had no National debt. In referring to that of Great Britain, he says:

“As the depreciation goes on, taxation may be extended *pari passu* without throwing any additional burden upon the community; and a sinking fund formed out of the surplus thus obtained, would pay off the National debt in less than one generation. Our National debt, it is true, is but small, and what little there is, will quickly be extinguished. But the debts of the individual States are large, amounting in the aggregate to over \$200,000,000, a large portion of which is owned in Europe. It is, therefore, satisfactory to remember that as the monetary revolution will operate exclusively to the benefit of the indebted party, our own land will derive as much benefit from it, in proportion to our means, as any other country on earth.”

#### SIR ROBERT PEEL.

The effect of the increase of bullion on taxable property and a National debt, has been long recognized by the financiers and statesmen of Great Britain, and was enunciated in the following language, held by Sir Robert Peel, in 1844:

“There is no contract, public or private, no engagement, National or individual, which is not affected by it. The enterprises of commerce, the profits of trade, the arrangements made in all domestic relations of society, the wages of labor, pecuniary transactions of the highest amount and the lowest, *the pay-*

*ment of the National debt*, the provision for the National expenditure, the command which the coin of the smallest denomination has over the necessities of life, are all affected by it."

M. CHEVALIER.

M. Chevalier, the well known French writer on Political Economy, in his treatise on "The Probable Fall in the Value of Gold," published in 1859, says: "Owing to the discovery of the new gold mines, a time will arrive when a change will come over the British Treasury as if some genii, an enemy of its creditors, had spirited away their dividend warrants, and substituted others of only half their value. Not that the number of pounds sterling, due to them as principal, and of which the interest is counted to them every six months, will be diminished—not that the quantity of gold contained in the pound sterling will be lessened; but the British Treasury will henceforth draw from the tax-payers each pound sterling, with as little difficulty to them as it previously took to pay a half sovereign."

IMPORTANCE OF THE QUESTION.

Your Committee, in presenting the above views on the importance of the proposed Tunnel as the means of furnishing a large addition to the stock of the precious metals of the world, has found it necessary to enter somewhat into details as to its bearing upon the future of the United States, and the payment of the National debt. This important question is but little understood; we have tried to throw as much light upon it, by giving quotations from eminent writers as the limited space of a report would allow, and hope the attention of our National Legislators will be drawn towards this subject.

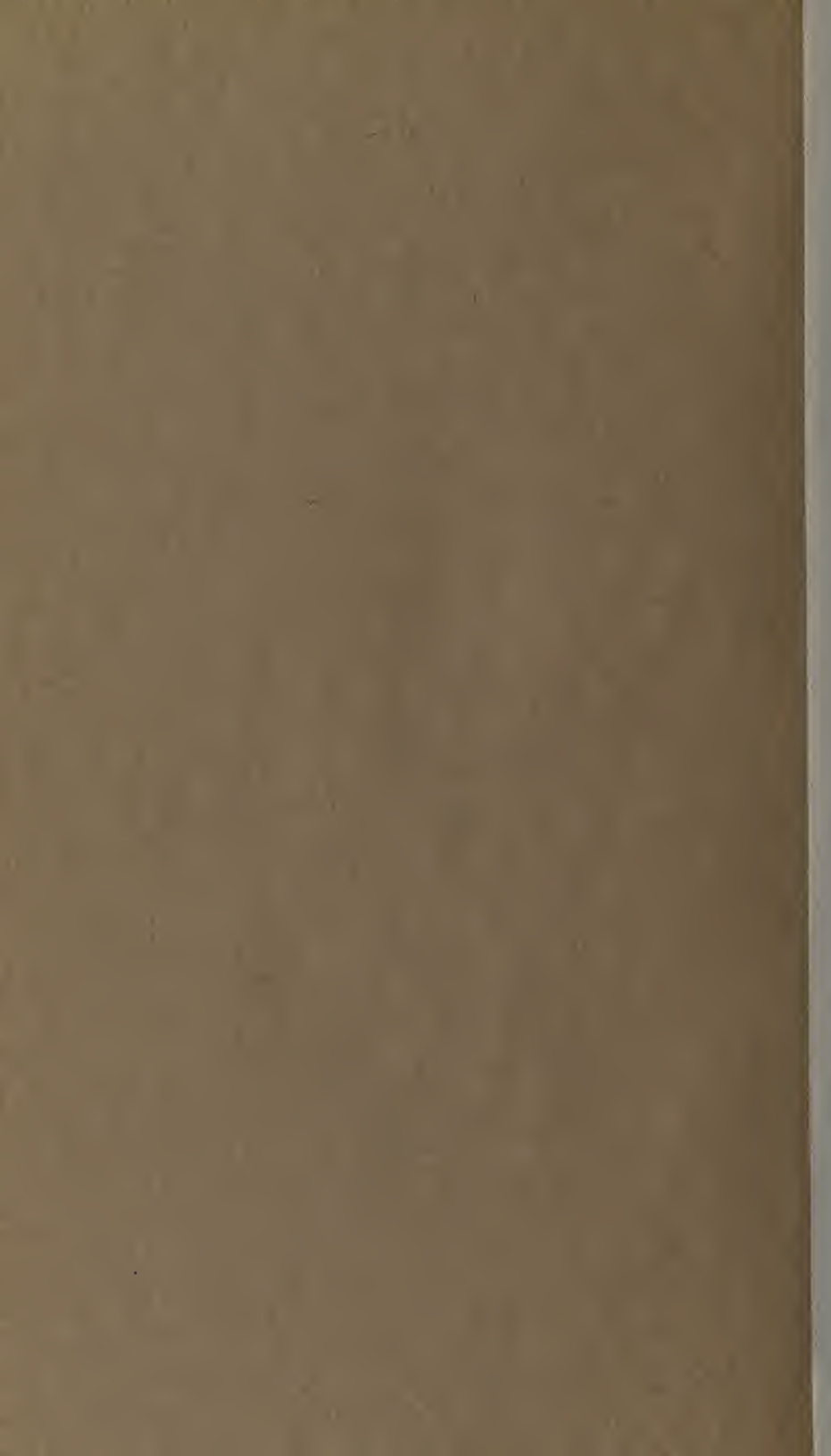
NATIONAL AID.

The proposed tunnel to the Comstock Lode is, in our opinion, a work of such magnitude and vast national importance, that our Government, though it has always been reluctant to aid private enterprise, and was only induced to aid the Pacific Railroad as "*a war measure*," will give such substantial aid to this enterprise, as will insure its being carried out upon the ground that it is eminently "*a peace measure*."

B. S. MASON,  
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