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SPEECH OF  
**HON. W. S. OLDHAM,**  
OF TEXAS,

ON THE SUBJECT OF THE FINANCES. —

SENATE, DECEMBER 23, 1863.

Mr. OLDHAM submitted the following resolution :

*Resolved*, That the Committee on Finance be instructed to inquire into the expediency of so amending the act of Congress entitled "An Act to lay taxes for the common defence and carry on the Government of the Confederate States," approved April 24, 1863, as to provide for laying and collecting taxes, for the year 1864, to the amount of \_\_\_\_\_ millions of dollars, to be laid upon the subjects of taxation, as follows, to wit :

1. Upon all Treasury notes, designated by the Secretary of the Treasury as "general currency," outstanding on the first day of January, 1864, fifty per cent.
2. Upon all other Treasury notes and call certificates, twenty-five per cent.
3. Upon all eight per cent. Confederate bonds, twenty per cent.; upon seven per cent. bonds, fifteen per cent.; upon six per cent. bonds, ten per cent.; and upon all other bonds, five per cent.
4. And upon all other subjects of taxation specified in said act, as will be sufficient to raise the aforesaid sum of \_\_\_\_\_ millions, grading the same in proportion to the ability of the classes taxed to pay their assessment.

And as a means of sustaining any new issue of Treasury notes, which may be made hereafter, the propriety of inserting the following stipulation in said notes: "That the same shall be receivable in payment of taxes and other public dues, at their current value, and the same shall be funded by the holder in the six per cent. bonds of the Government, after publication of notice by the Secretary of the Treasury."

Mr. OLDHAM said :

MR. PRESIDENT—It is with great diffidence that I venture to propose a scheme for the relief of our financial embarrassments; nor would I do so, but that I recognize my full share of the responsibility resting upon Congress for the adoption of proper remedies for existing evils. Another reason also actuates me. I disagree essentially and fundamentally with every scheme, which has come under my observation, except that presented by the Senator from Tennessee (Mr. Henry), and especially do I disagree with that proposed by the Secretary of the Treasury. I have, therefore, felt it due to myself to offer the resolution, which I have done. Having offered it, I would let it go to the Committee on Finance, without remark, but for the radical difference between it and all other plans, except the one indicated.

That radical difference consists in this, that all the schemes proposed are based upon one of two fundamental principles: funding the redundant circulation in interest-bearing bonds, with the object to improve the value of the currency; or taxation, with the object to sustain the public credit, and incidentally to improve the currency. The funding principle presupposes the main evil to be the depreciated currency; the taxing principle presupposes an impaired public credit as the main evil, as evidenced by the depreciation of Treasury notes as a currency.

The plans offered by the Senator from Tennessee and myself, are founded upon the principle of taxation—all others upon that of funding.

In my opinion, the evil existing is an impaired public credit, occasioned by a redundant issue of Treasury notes, as evidenced in the cost of supplies to the government, when purchased with that form of credit, and by the value placed upon those notes by the people as a circulating medium. I do not believe that a want of confidence in our success in the war in which we are engaged, or in the ability of the government eventually to redeem its obligations, has contributed, but in a very slight degree, to impair the public credit, but that it has resulted from other causes. If we had no war, and the same amount of Treasury notes had been issued, the same causes existing to affect their value, the depreciation would, in my opinion, have been very nearly as much as it is at present. But under existing circumstances the evil affects the credit of the government, and a remedy should be applied which will not contribute to impair, but to strengthen and sustain it.

I shall endeavor to show, that the public credit has not been impaired by a want of confidence of success, or of ability to redeem its obligations, but by a redundant issue of Treasury notes, as already stated.

The value of a currency, like every other marketable commodity, is regulated and governed by the law of supply and demand.

The depreciation of our Treasury notes has resulted, mainly, from a violation of that law: a redundant supply, and a reduced demand, other causes concurring to make the depreciation still greater.

While we have been flooding the country with a redundant issue of Treasury notes, demanded by our military operations, without adopting any appropriate and efficient measures to redeem and extinguish, or to absorb and retire the surplus above the business wants of the country, we lost sight of the fact, that the condition of the country had reduced the demand for money far below the ordinary business standard.

I will enumerate some of the causes that produced that result: 1st. The suspension of the laws for the collection of debts, by the Legislatures of the several States, thereby relieving debtors from all necessity for effort to pay the very large private debt owing in the Confederacy. 2d. The blockade of our ports by the enemy, resulting in the stoppage of our foreign commerce, and the internal trade dependent upon it. 3rd. The annihilation, by the war, of the immense trade existing before that time, between the States of the South and those of the North. And 4th. The confiscation of all debts due by our citizens to alien enemies, with the postponement of payment,

until after the close of the war. The destruction of our foreign, and the internal trade dependent upon it, with the suspension of the payment of all debts, have reduced the demand for money far below the amount which would be required, if those causes did not exist.

It is assumed by the Secretary of the Treasury, that the business of the Confederacy requires a circulating medium of the value of two hundred millions of dollars. But I apprehend that this assumption has reference to an active and healthy business condition; the courts open the payment of debts enforced, with an active foreign and domestic commerce existing. If so, then a much smaller sum would suffice under existing circumstances, with all trade, foreign and domestic, annihilated, and all pre-existing indebtedness as it were sponged out. I think it may be safely assumed, that a circulation of fifty millions of dollars would supply the demand required for all legitimate business transactions. Taking gold as the standard, the correctness of this assumption is proven by the relative value between it and Treasury notes. The average relative value between them, throughout the Confederacy, is about fourteen to one—at some places more, at others less, local causes and circumstances controlling. It is shown by the report of the Secretary of the Treasury, that there is outstanding seven hundred millions of dollars of Treasury notes, which bear the same relation to fifty millions: fourteen to one.

It is an axiom of political economy, that after the circulating medium has reached the amount demanded by the business of a country, an increase of quantity will not produce a corresponding increase of value—that only a certain quantity of currency can be kept at par, and that every dollar of excess only contributes to swell the volume, without increasing, but rather decreasing, the aggregate value, until it becomes so inflated that confidence in its redemption is lost, when the bubble bursts, and the whole becomes valueless waste paper.

Thus, while the causes I have enumerated have reduced the demand for money from two hundred millions to fifty millions of dollars, we have enlarged the supply to seven hundred millions. The consequences which have followed are the certain results of the violation of an immutable law of finance.

While these primary causes have been operating to produce this great disparity between the supply and demand of currency, and its consequent depreciation, other lateral causes have conspired to the same result. Amongst these I may enumerate the contraband trade carried on by persons in the Confederacy with the enemy, and the smuggling of goods from the United States into our country—the character of trade carried on by blockade runners, and the trade through Texas, across the Rio Grande, controlled by military regulations.

Neither of these trades can be carried on without a medium of exchange, which Treasury notes do not constitute. The most of the shipments of produce are on government account, or used in purchasing government supplies by individuals. At any rate, but a very small amount is used in purchasing the goods imported and sold to the people. The goods brought

into the country are sold to the people for Confederate notes, which are exchanged for gold, State stocks, or green-backs, and-sometimes cotton or tobacco. Confederate notes constitute a local currency, and cannot be made the medium of exchange for a foreign commerce. Whenever a local currency is forced in contact with a foreign market, either in the purchase of goods, gold, or exchange, it must inevitably suffer, as ours has done—depreciation. Goods purchased in a foreign market must be paid for in funds at par, or at least current, at the place of purchase, or in bills drawn against shipments of produce exported, which is substantially the same thing; therefore, whenever there is an over-supply of a local currency, and it is forced into the purchase of exchange based upon limited exportation, or in drawing specie from the secret vaults to which it has retired, further depreciation must follow, and the currency continue to sink like lead in the water. And then the premiums paid fix the relative value between gold and the local currency not only in that case, but eventually in all others.

In consequence of the depreciation of the currency, and the opportunity afforded and profits accruing from blockade running and trading with the enemy, a most vicious and excited spirit of speculation has been engendered, and has spread, like a contagious disease, to almost all classes—to merchants, farmers, mechanics, landlords, officers and soldiers in the army, and, I fear, to some members of Congress.

Hundreds, if not thousands of persons, have been, and are still engaged in running the blockade, or in carrying on a contraband trade with the enemy across every part of the line between them and us, at New York, Philadelphia, Baltimore, Louisville, St. Louis, Nashville, Memphis, New Orleans, and other places. In consequence of the price of exchange to carry on this trade, the goods imported are sold for our currency, for twenty, forty, and sometimes sixty times their value in gold. This exorbitant price for imported goods has produced a corresponding rise in the price, not only of luxuries, but of all the necessaries of life. The farmer demands ten or twenty prices for beef, pork, bacon, corn, flour, and every other commodity of like character, because the merchant exacts from him similar prices for domestics, calicoes, hats, boots, shoes, &c. The landlord in town charges like rates for rent, because of the charges of the merchants and farmers; mechanics do the same, and boarding is at corresponding rates, because of the extortions of all of the preceding upon the hotel and boarding-house keepers. And lastly, the Government becomes the victim of all, and cannot purchase upon credit, with its notes or bonds, the necessary supplies to sustain our armies in the field, except at the most fabulous rates. The malignity and spread of the contagion are well calculated to fill the unselfish patriot with wonder and astonishment, especially when he sees men either concealing, to prevent the government from obtaining, or refusing to sell for less than ten prices, the necessary supplies to feed and clothe the army, composed of their sons, their brothers, and their neighbors, fighting for the independence of their country, and in defence of the lives, liberty and property of its people. A strange infatuation seems to possess the great mass of the people, for while they exact the

highest prices with all the tenacity of the extortioner, they squander their money with the reckless prodigality of the spendthrift.

While all these causes have been operating to depreciate and destroy the credit of the Government, I regret to say that I understand the Government itself has, upon several occasions, openly entered the gold and exchange markets, and hawked its own credit to bidders composed of brokers, shavers and stock-jobbers.

Another cause which, in my opinion, has contributed its part in the depreciation of the currency, is one which was originally recommended by the Secretary of the Treasury, and adopted by Congress, as a means to prevent that result—I mean the system of funding the notes, without adequate provision being made for the payment of the interest on the bonds. Great importance has been attached to that system as a means of absorption, and therefore of support of our currency, by preventing a redundancy. I never could see the virtues of that measure, which were ascribed to it by its advocates. I never could see the inducement to fund an uncurrent note in an uncurrent bond, and hence, at the last session of Congress, I said that the effort to prevent a redundant circulation, by funding in bonds, without adequate provision for the payment of the interest on the bonds, as a means of keeping them at, or nearly at par value, would be as futile as an attempt to sail a boat by means of a bellows in the stern, forgetting that the laws of action and reaction are equal; or an attempt to exhaust, by means of a siphon, all the water of one vessel into another upon an equal level, in disregard of the plainest laws of natural philosophy.

I claim that results have proven the correctness of my opinions. The expansion of the currency has not been prevented by funding, but it has continued to swell almost to the point of explosion. The speculator, the banker, broker and shaver, believing that the public debt will be ultimately paid in full in gold and silver, are interested in obtaining the largest possible amount of it for the very smallest possible consideration. Hence they can make more, by first depreciating the currency as low as possible, then buying it up, and funding it, than they can make by funding so as to prevent depreciation. The more the currency becomes depreciated, the less a bond will cost, and hence a premium has been held out as a standing offer to them to depreciate the currency.

The bankers, brokers, shavers and speculators fix the value of currency, which is always accepted by the great mass of the people without investigation. They can fix its value, for a time, far above or below that which the demand and supply, the legitimate regulators, would fix it at. For the reasons already given, it being to their interest to obtain the largest possible amount of the public debt for the smallest possible consideration, with the expectation of eventually realizing in gold its full value, by funding and taxation upon the people, that consideration has operated upon them to depress and keep down the value of the currency. I sincerely believe that they have, from motives of interest, contributed more to the depreciation of the value of Treasury notes, than the whole amount funded has tended to appreciate their value. They never will fund voluntarily, so as to reduce

the currency to the proper volume, until they believe that the government indebtedness has reached the utmost limit of the ability of the people to pay it.

We have nearly reached that point, and now these vampires, who have been sucking out the very life-blood of the country, are thrusting before Congress a thousand schemes of finance, the distinguishing feature of every one being a system of funding in interest-bearing bonds, with a plan of taxation, which will give to those bonds a par value in gold, the taxation so assessed as to exempt them and their ill-gotten gains from any part of the contributions.

With these men and their schemes I have no sympathy. There are but few, if any of them, in my State. Our capitalists (and we have large capitalists there), believe that legitimate and profitable trade—speculation, if you so please to call it—can be carried on upon principles not inconsistent with the high dictates of honor and patriotism. This is verified by the fact, that Confederate notes are worth fifty per cent. more there than east of the Mississippi river, while we have a larger amount of that currency, in proportion to population and wealth, than there is on this side; and while we also have a vicious, I may say an infamous, cotton trade across the Rio Grande, thrown into the hands of Jews, Yankees, and men from this side of the river, by illegal military orders and restrictions.

I have attempted, Mr. President, to point out the causes that have led to our deranged financial condition. The existence of the most of them will be readily admitted, and I apprehend the like existence of the remainder, with the effects I have ascribed to them, cannot be successfully controverted. How is the evil to be remedied, and its future recurrence successfully provided against? The answer to the question, in general terms, is easily given: remove the causes, and guard against them for the future—reduce the supply of currency and increase the demand for money on the people, so as to make the demand and supply correspond,—all of which should be done for the support of the credit of the government, as the main object, affecting the currency as an incidental subject. The measures to be adopted, which shall accomplish these desirable results, present very difficult and interesting questions.

The Secretary of the Treasury has presented us with a financial scheme, which he thinks will afford the proper-remedy. Emanating as it does from the head of the Treasury, for that reason as well as for the large experience and high character for financial skill of the gentleman himself, the measure proposed is entitled to our most favorable consideration, and should receive our most patient examination. No scheme, however, should be adopted because of the source from which it may have come, or of the endorsements it may have received. Every plan should stand or fall upon its intrinsic merits.

The scheme of the Secretary of the Treasury contains the following substantial provisions.

1. A loan of one thousand millions of dollars in six per cent. bonds, the principal payable in twenty years, the interest semi-annually, to be extend-

ed from time to time, hereafter, so as to consolidate the whole public debt.

2. A sale by the Secretary of the Treasury, at par, of as many of said bonds as will be sufficient to take up the outstanding circulation and to pay the appropriations made by Congress.

3. A tax of five per cent. upon all property and credits (other than the new issue of notes proposed) which may be held on the first day of April next, to be paid on the first day of July, one half in Treasury notes, or one half in coin, or in the coupons of the bonds issued for this loan.

4. Within six months a new and improved issue of two hundred millions of dollars in Treasury notes, in substitution for that amount of old issues to be cancelled, with a pledge of the faith of the government not to increase said issues.

5. The funding of the entire outstanding circulation of Treasury notes, on or before the first day of April next, in the bonds of the said consolidated loan, after which time the notes not so funded to cease to be current or receivable at the Treasury for dues.

These are the substantive features of the scheme, all others being matters of detail.

To this plea the following insuperable objections present themselves to my mind :

1. It proposes to act upon the currency directly, and appreciate it by curtailing the redundancy by compulsory funding in the six per cent. bonds of the government. It starts out upon the fundamental error that, the subject to be directly affected is the currency, and incidentally operating upon the credit of the government; whereas, the measures to be adopted should be aimed at the restoration of the credit of the government directly and incidentally to the improvement of the currency. Congress has no power whatever over a paper currency *per se*. It "may coin money and regulate the value thereof"—but it is well understood, that this power has reference to money coined of gold and silver. It has no power over the private business transactions between me and my neighbor—or to make a paper currency and compel us to receive it—or legislate with the view to regulate the value of that currency between us—and this is the same whether the currency consists of bank notes, shin plasters, beef hides, peltries, coon skins or its own notes. Every thing that becomes or is used as a currency, except gold and silver, becomes so, by the mutual consent of individuals.

The power to issue Treasury notes can be supported only by the authority of Congress "to borrow money." When this power is exercised, the form of the evidence of the debt created, is left discretionary—it may be in the shape of a receipt, a bond, or Treasury note. Nor is it requisite to the exercise of this power, that money shall be actually and absolutely borrowed. Congress may borrow money of A. to buy supplies for the army from B., and give to A. Treasury notes as evidences of indebtedness for the money so borrowed. But if B. is willing to take from the government the Treasury notes for the supplies furnished, it is a substantial compliance with the constitutional provision, to deliver the notes directly to



him. Between the holder and the government the Treasury notes are not money—but evidence of indebtedness—promises to pay in consideration of money borrowed or of supplies purchased, amounting to the same thing. By consent between individuals, they may become a currency, and their delivery and acceptance amount to an absolute payment, but they do not become so by virtue of any power of Congress. The power of Congress is over the credit of the government, and should be exercised with direct reference to that object, incidentally operating upon the currency, in the same manner as an individual, who by re-establishing his impaired credit, enhances the value of his outstanding obligations.

2. The scheme proposed, instead of restoring and sustaining the credit of the government, would weaken and impair, and eventually destroy it.

The public debt, exclusive of the foreign loan, is now, in round numbers, about eleven hundred millions of dollars. The taxes for the present year may be assumed at one hundred and twenty millions, which will reduce the debt to about nine hundred and eighty millions. Of this sum, without being definite, I may state, that about one half is in an interest bearing shape, and the other half bearing no interest. It is now proposed to fund the whole of this debt in six per cent. bonds, which will bear an annual interest of fifty-eight millions, eight hundred thousand dollars. The debt must continue to grow until the end of the war, when it will, most probably, amount to fifteen hundred millions—the interest upon which will amount to ninety millions of dollars. It is not proposed to pay one dollar of the principal of this already enormous debt—nor prevent its rapid future growth, except by a system of taxation, which, I believe, is beyond both the ability and willingness of the people to pay. Under the weight of such an existing and accumulating debt, bearing such a ruinous rate of interest, confidence in the ability of the government to discharge its obligations, must and will become impaired, and its credit eventually give way and fail entirely. Especially will that be the case should the people fail, through inability or unwillingness, to meet the taxes imposed upon them.

The credit of a nation and that of an individual are governed by the same immutable laws, are upheld or destroyed by similar causes. What would be thought of a man who, having engaged in trade with an unimpaired credit, after a period, finding his credit so shattered that he has to promise ten prices for everything he buys, should gravely propose to his creditors, as a means of re-establishing that credit, to surrender their non-interest bearing claims, and accept his notes, bearing a rate of interest, which will require all his efforts, and perhaps surpass his ability to pay, without reference to the principal? No prudent man would trust him the more readily in consequence of such a financial operation, but would regard his rapid insolvency as inevitable—and so, I verily believe will be the consequences of this funding scheme, if adopted by Congress. It may produce a temporary effect, by the reduction of the currency—but as time rolls on, as the war progresses, as our debt continues to grow, the credit of the government will yield by degrees, until finally it will give way with a crash, scattering bankruptcy, ruin and desolation through the land.

To fund a non-interest bearing debt, in the shape of a currency, because of its depreciation, is the very worst of financiering. The government should take advantage of the depreciation, levy the heaviest taxes, and thus compensate itself for losses sustained, because of the enhanced cost of supplies caused by the depreciation.

A stern determination to pay our debt, evinced by the levy and collection of four hundred millions of our depreciated currency, in the shape of taxes, will be vastly more efficient, in re-establishing the public credit, and restoring the currency to a healthy state, than the funding of one thousand millions in six per cent. bonds. Any scheme proposing those ends, which does not comprehend as its leading feature the extinguishment of the debt to as great an extent as possible, and the prevention of its overgrowth in an interest bearing shape, must result in failure.

3. The system of taxation proposed, the mode of assessment, and the circumstances under which the taxes are to be collected, are to my mind very objectionable.

It is proposed to levy an *ad valorem* tax upon all property and credits (other than the new issue of notes) which may be held on the first of April next, to be paid on the first of July next, one half in Treasury notes, and one half in coin, or in the coupons of the bonds issued for the loan. But "in case the coupons should advance in the market to a premium exceeding twenty-five per cent, any tax-payer shall be permitted to pay his tax in Treasury notes of the new issue, with twenty-five per cent. added. It may be observed in this connection, that it is not proposed to repeal the tax law of the last session of Congress, but to collect the taxes provided for by that law also. It is estimated that a five per cent. *ad valorem* tax will yield one hundred and twenty millions of dollars, that the taxes under the act of the last session will yield a like sum, making two hundred and forty millions in money, to which is to be added the value of the tax in kind—which I will not venture to estimate.

As an argument in favor of the proposed *ad valorem* tax, the Secretary assumes, as a fact, that land and negroes are not taxed under the existing law. I am aware that this erroneous impression prevails to a considerable extent among the people, but I did not expect to hear the fact asserted by the officer who, above all others, should possess correct information upon the subject. It will be seen, by reference to the 8th section of the tax act, after specifying the tax upon certain incomes, it proceeds to specify the tax upon "the income derived from all other sources," and in that connection it is declared that "in estimating income, there shall be included the value of the estimated annual rental of all dwellings, houses, buildings or building lots in towns or villages, occupied by the owners, or owned and not occupied or hired, and the value of the estimated annual hire of all slaves not engaged on plantations or farms, and not employed in some business or occupation, the profits of which are taxed as income under this act." Therefore, every citizen who derives an actual income from the rental of real estate or the hire of negroes, if the income exceeds five hundred dollars per annum, is chargeable with the tax provided by the law.

And a like tax is levied upon the estimated value of the incomes of persons derived from the "annual rental value of all dwellings, houses, buildings or building lots in cities, towns or villages, occupied by the owner, or owned and not occupied or hired, and the annual hire of all slaves not engaged on plantations or farms, and not employed in some business or occupation, the profits of which are taxed as income," although no income may be derived from such rental or hire.

Negroes engaged on plantations, and the plantations themselves, come under the provisions of the law levying the tax in kind. A negro employed on a plantation may produce ten bales of cotton and five hundred bushels of corn in many parts of the country, the tax upon which would be one bale of cotton and fifty bushels of corn, which, according to present rates, would be worth at least four hundred dollars. It would be vain to argue with the owner of that slave, that his land and negroes are not taxed. All lands and slaves, except unproductive, are taxed, not directly, but indirectly, which makes no very substantial difference to the man who pays the taxes.

Upon this erroneous assumption of a legal fact, the Secretary proceeds to make, in my opinion, a very unsound constitutional argument, which I will not attempt to answer.

Mr. President, no system of taxation has ever been devised, which is perfectly uniform and just, in the imposition of its burthens upon all the people. I am not at this time prepared to deny that, in a state of peace and business prosperity, every citizen devoted to his individual and private pursuits and interests, an *ad valorem* tax would approach as near to uniformity and justice as any other; but I do contend that in the present condition of our country, such a tax would be the most unequal and unjust that could possibly be levied.

Thousands upon thousands of our most wealthy and patriotic citizens are in the army, in command and in the ranks, devoting their time and services to the defence of our country and the liberties of our people, and who are voluntarily paying the taxes of health, blood and life itself, leaving their property at home, not only in an unproductive condition, but wasting and going to ruin for want of attention. Another large class have been driven from home into exile by our merciless foes, with but a remnant of their property saved, and which is at present more of expense than profit to them—while yet another class is at home nobly performing the part of unselfish patriots, neglecting their own interests, devoting their all of property, energy, and industry to the maintenance and support of our army in the field and the cause of our country. And, besides these, we have still another class who have been, and are engaged in speculation and extortion, preying upon the very vitals of their country—undermining its credit and endangering its liberties, and who have increased their fortunes, some a hundred and some a thousand fold. Would it be right or just to levy an *ad valorem* tax equally upon all the property of those classes of persons, and especially when the most unworthy class are to be the beneficiaries?

Can the people pay the taxes under the circumstances proposed? It is to be borne in mind that the entire outstanding circulation of Treasury notes are to be called in and funded in bonds by the first day of April next, "after which they shall cease to be current or receivable at the Treasury for dues," and within six months a new issue of two hundred millions of dollars of new notes is to be made. The five per cent. *ad valorem* tax is to be assessed on all property and credits held on the first of April next, and to be paid on the first of July next. So the money taxes under the act of April last, and the five per cent. *ad valorem* tax, amounting to the sum of two hundred and forty millions of dollars, will have to be paid out of two hundred millions of circulation, the coupons of the bonds of the consolidated loan, and the specie which is hid away in the country. It would be equivalent to collecting the whole amount in specie. I do not fear to venture the assertion, that five hundred millions of dollars could more easily be collected by a mere enlargement of the act of April last than could one hundred and fifty millions under the circumstances proposed. The taxes are to be levied and collected in total disregard of the laws of supply and demand. It is proposed to reduce the supply down to the ordinary business standard, and then enlarge the demand far beyond the capacity of the circulation to meet it. It would result in nothing but panic, pressure and bankruptcy—evils as much to be dreaded and avoided as those with which we are afflicted or threatened.

The scheme proposes to exempt, upon certain conditions, about one-fifth of the entire value of the property and credits of the country, which should, above all others, be taxed, and that in favor of a class of property holders who, above all others, have the least claim to indulgence. The bonds issued upon all deposits made in January next, are to be exempt from the tax; those in February from one-half, and in March one-fourth. This scheme is intended to increase the value of the notes so deposited, and metamorphose into bonds to fourteen times what it is now. The Treasury notes, or at least the far larger proportion, are held by speculators who obtained them for an inadequate consideration ranging from one-half to one-twentieth of their nominal value. No doubt but all the large holders will take advantage of the conditions offered to them.

The sum and substance of the whole scheme is, that it is designed to convert our entire public debt, funded and unfunded, into six per cent. bonds, with such a system of taxation as will make them worth their value in gold to those who hold them, and who have obtained them as already stated, for from one-half to one-twentieth of their nominal value. Verily, our Secretary has found that for which the Alchemists in their day sought for in vain, the philosopher's stone, which was supposed to possess the quality of converting into gold every substance coming in contact with it. He has certainly discovered the art of converting our depreciated currency into gold in the hands of those who now hold it. With all due respect for that officer, (and I have for him a very high regard,) I am constrained to say, that his scheme has more the appearance of having emanated from a board of bankers or stock brokers, than from the study of a philosophical

and enlightened statesman. The bankers, the brokers, the speculators and the extortioners, the present holders of our depreciated credits, have been flooding the country and thrusting into the face of Congress their financial schemes. One feature pervades them all. The currency must become gold in their hands by a particular system of funding, followed by taxation. There was a time when an efficient system of funding should have been adopted and enforced to prevent depreciation, to the injury of the public credit. Now, when the evil is upon us, it is proposed to resort to it to restore the currency in the hands of the speculator at the expense of the credit of the government, and to the detriment of the people.

This funding system has operated like the hot water draughts administered by Doctor Sangrado to his patients, which produced weakness, prostration, and finally death. The worse the patient became, the more hot water was administered to him. We have funded and funded until we are near a state of collapse. The treatment must be changed or the patient will die. The attending physicians, it is true, have not called me into consultation; yet, as I am one of the nurses, having witnessed the operation of the medicine, and closely marked the symptoms, I have ventured to make some suggestions, however worthless they may be regarded or little heeded.

I have said, Mr. President, and I again repeat it, that any scheme which proposes to re-establish the public credit upon a solid basis, and to restore our currency to a healthy condition which does not comprehend, as its leading feature, the extinguishment of our debt to as great an extent as possible, preventing its accumulation and overgrowth as an interest bearing debt, must result in failure and disaster. I have heard it said, as an excuse for not providing for the payment of any part of our debt, that no revolutionary debt was ever paid during the war. I answer that the same may be said of almost all war debts—and that but very few war debts have ever been paid at any time. National debts are of modern invention, and have grown up within the last two centuries. Before that time, and in most cases since, wars were, and have been, supported by funds previously accumulated, or by pillage and plunder, and debts contracted were never paid.

If our war is one of revolution, no people ever before conducted such a war as we are conducting this, under the auspices of a regular and constitutional government. I, however, do not propose to pay our debt during the war, but to take advantage of the condition of things which surround us, pay as much of it as possible, preventing its accumulation to a magnitude beyond the ability or willingness of the people to pay. For such a purpose, we are better situated than any people who ever went to war. With an enterprising, brave and patriotic population, with a rich and productive soil, we have, within ourselves, if energetically and properly developed, all the elements of self-defence and self-support. We have also an accumulated wealth, as also the productions for an enlarged and profitable commerce. But our ports are closed by the blockade of the enemy, our foreign and internal commerce destroyed, except the vicious and demoralized

zing trade carried on by blockade runners, and criminal traders with the enemy. Our coasts are closed and the payment of debts suspended, and there is virtually no demand for money. If we are wise, we can convert these things, which we are inclined to regard as great evils, into absolute blessings. By a judicious system of taxation we can create a new demand for money, co-extensive with our over supply of currency. In the absence of almost all other sources of application, and the condition of the currency, the people can pay a vastly larger amount of taxes than they could under different circumstances, to be applied to the extinguishment of a portion of the public debt, and the prevention of its aggregate overgrowth, thus restoring the public credit and the value of the currency. There is no difficulty in paying the very highest taxes when there is a super-abundance of money, and the people have no other use for it. Does not prudence, then, dictate the levy of such an amount of taxes as will extinguish a large portion of our debt, re-establish the public credit and restore to the people a sound currency?

In order to raise the largest possible sum, without detriment to the country, the contributions should be levied upon each individual according to his ability to pay, under existing circumstances, and with regard to the benefits he would realize from their impositions.

The President, in his message, very correctly and justly says, "it may be added that, in considering this subject, the people ought steadily to keep in view that the government, in contracting debt, is but their agent; that its debt is their debt: as the currency is held exclusively by our-selves, it is obvious that, if each person held Treasury notes in exact proportion to the value of his whole means, each would owe himself the amount of notes held by him, and, were it possible to distribute the currency among the people in this exact proportion, a tax levied on the currency alone, to an amount sufficient to reduce it to proper limits, would afford the best of all remedies."

But, inasmuch as the currency is not so distributed, and we cannot adopt "the best of all remedies," a scheme, based upon the same principle, or as nearly the same as possible, would, in my judgment, be the next best remedy. I venture the assertion that, upon admitted principles of political economy, a tax can be levied and collected from the present holders of Treasury notes alone, "to an amount sufficient to reduce the currency to proper limits," and not cost the note-holder and tax-payer one cent.

Take two hundred millions as the amount, or "proper limit" to the currency, up to this point it would be at par, but every dollar of increase beyond would only swell the volume, without increasing the aggregate value. The currency of a country cannot be made to exceed a fixed value, and when the quantity is increased beyond the limit of par value, the fact is immediately indicated by a corresponding rise in property and means of living; in other words, by the depreciation of the currency. Whatever amount there may be in circulation, the whole cannot be made to exceed the value of the amount of the limit of par value. Therefore, if two hundred millions is the par value limit, the six hundred millions which we have in circulation is worth just that amount of value and no more—that is, the six hundred millions would buy no more than two hundred millions would buy. Now, if I am correct in this position, then, if the holders of all our Treasury notes were to make a contribution of two-thirds of the amount held by them respectively, it would reduce the circulation to two hundred millions, which would still be worth as much as the six hundred millions are now worth. The holders would be compensated for their con-

tributions by the enhanced value of the remainder—the result would be the same if the contributions should be enforced by taxation. In either case, the holder would not be able to realize the magnificent profits which would accrue to him under the funding scheme.

I have already shown that it is a mistake to suppose that two hundred millions is the amount of currency demanded by the business wants of the country, but that circumstances have reduced the demand to about fifty millions, more or less, which is at present the true limit of par value. If I am correct in that, the six hundred millions of treasury notes now in circulation are worth but about fifty millions of dollars, par value. It cannot be much above or below that amount. A system of taxation can be devised, as I believe, which will levy its contributions upon each individual citizen according to his ability to pay, under existing circumstances, and with a due regard to the benefits he would realize from their imposition, which would produce over four hundred millions of dollars, without producing pressure, and which would restore the currency to par value and re-establish the public credit.

The scheme proposed by the resolution which I have had the honor to introduce, would, I verily believe, if adopted and faithfully executed, produce those results. This scheme proposes:

1. A tax of fifty per cent. upon all the outstanding Treasury notes on the first of January next, known as general currency. This item would produce \$284,316,399—without reducing the value of the money held by the tax payer a particle; the remainder, as I have shown, would be worth as much as the whole. Instead of being injured, the holder of Confederate notes would be largely compensated, by the enlarged demand created by imposition of the proposed taxes upon other persons.

2. The tax on the other currency, such as interest bearing notes, &c., would be affected in the same mode. Of this class of currency, there is \$162,814,720, upon which a tax of twenty-five per cent. would yield \$40,703,680. The taxes arising upon the funded debt, and treasury notes deposited to be funded, would amount to \$61,891,360. From the holders of the public debt alone, who would not be injured, but greatly benefited, the taxes would amount to \$386,911,439. A tax should be laid upon every other interest, graded as circumstances shall warrant. This, without having a basis for an estimate, I suppose would produce at least eighty millions more, which would give for the next year the enormous sum of \$466,711,439. And yet this amount could be paid, without producing any great pressure. Large as it appears, it is really but about \$33,000,000.

The holders of treasury notes, as I have shown, would lose nothing by surrendering up half their notes, for the balance would be of the same real value as the whole were—but the imposition of one hundred and eighty millions of taxes upon other interests, would so enlarge the demand, or extend the limit of par value, as to make what remains worth at least six times as much as the whole was worth before. The bond holders and holders of interest bearing currency, would be compensated in the same manner by the appreciation in value of their securities. All other classes would be compensated by the reduced price of all the means of living. The burthen would scarcely be felt, except in the great advantages that would be realized by all classes of the people and the Government.

The advantage to the Government would be vast. Supposing the taxes of the present year will amount to one hundred and twenty millions, these, added to those proposed, will discharge over six hundred millions of the public debt—over one half—reduce the currency in circulation to about one hundred millions—and completely re-establish the credit of the Government.

There are but two fundamental principles upon which the subject under consideration can be effected—funding and taxation. All our financial schemes must be based upon one or the other of these principles.

Let us now compare, or rather contrast the scheme of the Secretary of the Treasury and my own. His is based upon the funding principle; mine upon the principle of taxation. His proposes to restore the currency by funding it in six per cent. bonds. Mine would re-establish the public credit by paying the public debt. His would create a debt of eleven hundred millions, bearing an annual interest of sixty-six millions. Mine would reduce the public debt below six hundred millions.

The same striking difference exists in regard to details. He would fund the depreciated currency in order to improve it. I would stop funding in order to raise the largest amount possible of taxes, taking advantage of the depreciation. After exhausting the supply by funding, he would create a demand for two hundred and forty millions of dollars in par funds—which would produce pressure, panic and bankruptcy, with both the people and the Government. I would take advantage of the redundant circulation, and levy between four and five hundred millions of taxes, worth really less than \$35,000,000, which could be paid without being felt otherwise than in a restored public credit and currency, in the enhanced value of public securities, and the reduced prices of all the necessaries of life. He would levy an *ad valorem* tax upon the property of the whole country, with discriminations in favor of the banker, the speculator and extortioner, giving no credit to the agriculturist whose property is already charged with the tax in kind. I would levy a discriminating tax upon money, incomes, salaries, &c., in accordance with the Act of 1863, imposing the burdens upon those best able to bear them, most of whom would be benefitted by their imposition.

If Senators will bestow the same patient investigation upon the scheme of the Secretary of the Treasury, and the same care in analyzing it that I have, I am confident they will discover all the obnoxious features and objections to it that I have enumerated, and will not hesitate in coming to the conclusion, that its adoption would be ruinous to the country.

I propose to insert a stipulation in Treasury notes, of "the new and improved issue," as a means of keeping them at par. The speculator should be deprived of all temptation to depreciate the public credit, and it should be made his interest to sustain the currency. This is the secret of that astonishing fact for which so many have tried to account for in vain: the ability of the United States Government to sustain its currency. The money capital there is controlled and governed by one great central head, the bankers and brokers of Wall street. The capitalists there are the owners; Government and State stocks, manufacturing, shipping and railroad stocks, and real estate in the large cities—all are dependent for value upon their success in the war against us. It is to the interest of the capitalists to sustain the Government, and hence they work in harmony with it. The depreciation of their currency is from actual want of confidence; and the depreciation would be much greater, if the want of confidence was not counterbalanced by the interest of capital. As I have shown, the depreciation of ours has not resulted from a want of confidence, but mainly from the causes which I have assigned. We have no greater money centre, nor are our finances and currency controlled by a central head. Our capitalists have speculated in our currency with a view to depreciate it. Its depreciation is regarded by our enemies as evidence of the declining confidence of our people in our success, in the great struggle in which we are engaged. The restoration of the public credit, by wise and judicious measures, will be worth as much to us as a victory in the field. The elevation of our credit, evidenced by an improved currency, will be the signal for the decline



of theirs. And when theirs shall decline much below what it is at present, notwithstanding the capital bands with which it is compressed, an explosion will take place, as startling and destructive as the sudden eruption of a volcano.

After the restoration of our currency, all causes tending to its depreciation should be removed. By inserting the stipulation in the note, that it shall be receivable in payment of taxes and other public dues, at its current value, the speculator is deprived of interest to tempt him to depreciate the currency. It will, on the contrary, be to his interest to sustain it, for instead of making he loses by its depreciation.

This matter has been tested, and its efficiency was verified by the experiment. In 1842, Texas Treasury notes were as much depreciated as ours are now. A new issue was made containing the foregoing stipulation. The bills depreciated slightly within the first few months after their issue, yet they rallied, came up to par, and subsequently maintained that value.

The value of the second stipulation is self-evident. It gives to the Secretary of the Treasury a perfect control over the amount of the circulation of Treasury notes. It gives him ample power to keep the amount of circulation within proper limits, by funding to prevent depreciation.

MR. PRESIDENT, we must not come to a wrong conclusion upon this subject; the consequences would be terrible. Our constituents are looking with anxious interest to the action of Congress, not only upon this, but upon other measures of vast import which demand our attention. A greater or more fearful responsibility never devolved upon any body of men than now rests upon us. We have in our keeping the lives, liberty and property of millions of freemen. The patriot of every land is looking with trembling anxiety upon this the greatest struggle in the world's history, for the vindication of man's right to self-government. We must come up to the magnitude of the crisis.

If we fail in this our great struggle, it will not be for want of bravery on the part of our armies, whose courage has been exhibited on more than a hundred bloody fields, but from other causes. Let it not be from the folly of our counsels.

After we shall have done all that the interest of our country demands of us here, let us then go home to our constituents, and rekindle the fires of patriotism that burned so brightly in their bosoms in 1861, but which have been nearly quenched—by what causes I will not say. Let us revive our energies and renew our efforts with the determination to suffer every thing rather than failure. As to final success, there should be no doubt, for our cause is right, our people are brave, and God is just.

It is true that my heart has sometimes been made to sink by the harshness of some of our legislation, by the domineering conduct of military authority, destructive of the enthusiastic patriotism of our people, and especially by our failures to gather the fruits of victories, in following up and crushing the defeated and discomfited foe. O! MR. PRESIDENT, had the signal victory of Chickamauga been followed—had our army been reinforced to the extent that we had the right to suppose that of the enemy would be, this day joy and exultation would fill our land—gloom and despair would enshroud our foes. The enemy was reinforced—our army was detached and weakened—and a shameful defeat followed.

Nevertheless, I have never had one despondent doubt of our final triumph. I may be regarded as over sanguine; if so, it is because of my temperament, strengthened by my habits of life. From my earliest years I have had difficulties to encounter, with no aids to overcome them but self-reliance and perseverance. I have, therefore, been taught to believe that a determined will, energy and perseverance, will accomplish anything not inhibited by the fiat of Omnipotence.

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