pepudiation in name, that such delay will be nourced as will make the accumulated debt dition, but not before they had been but so large that there will be mi indisposition to with a debt of \$14,000,000, besides touch it, that non action will lead to find terest which had been accumulating refusal to pay. I earnestly hope that this will not be the case, but I feel it my duty to sugand make a full and final settlement, by con- and to issue certificates of stock, bearing five verting all the outstanding issues into a con-solidated debt, upon which the interest would be paid without failure. In my opinion the creditors would be willing to accept such an issue in satisfaction of their claims, provided toe great a loss should not be inflicted upon them; and certainly, in view of the constitutional obligations, as well as regards the honor and good name and the material interests of the State, the General Assembly should meet them half way. * * * * * When such final adjustment shall be made, it will no doubt be supported by the good men of all parties, and will be nequiesced in by the people.'

PLAN OF ADJUSTMENT. It is a well established principle of political economy that an individual having money to invest will make an investment in that class of safety-securities which will not only pay a premium upon the money invested, but which nay be disposed of, without loss, whenever a change of investment is desired-in other

words a marketable security.

The value of a State security depends largely upon the confidence of the purchaser in the good faith of the State, but more especially upon the means which the State places in the hands of every holder of her bonds, to compel the punctual payment of the interest as it accrues, and the principal at maturity. The State is sovereign and cannot but when she enters into a contract with an individual, through her agents, and directs said agents to perform certain duties in fulfillment of that contract, such individual can compel the agents of the State to execute will of the State as expressed in such contract.

Thus, in three-fourths of the States, when ever the financial officers are authorized to create debts by the issue of State obligations, the machinery for the punctual payment of the interest and principal is provided as a part of the contract; and every individual who accepts such obligations in exchange for the moneys he advances, receives a remedyof which the obligations themselves are the evidence-for every neglect of duty in the premises on the part of the agents of the State. Such an obligation offers the best Such an obligation offers the best investment that could possibly be made, inasmuch as the holder thereof has a ben upon the entire property of the citizens of the How is it with the bonded debt of this

Our debt may be divided into three classes. The first class includes all those bonds, (originally tssued.) of the five classes enan ed in the decision of the Supreme Court upon the Morton, Bliss and Company mandamus case, amounting to \$3,549,000.

The second class includes all those bonds and stocks whose only guarantee for the payment of principal and interest is the good faith of the State. This class comprises the old nds and stocks, (except Blue Ridge bonds.) the bonds for funding past due interest and principal, and funding bills Bank of the State, and amounts to \$4.513.503.35.

The third class are those for which no pr vision has been made for the payment of and includes the Blue Ridge bonds, (the absence of the guarantee in this instance being probably an oversight,) and the conversion nds issued directly by sale or hypothecation.

This class aggregates \$6,965,000. This concludes the his ory of the character of our bonds. Let us now enquire their present market value.

Our "January and July bonds," old and new, which comprise the entire amount, ex- each \$1,000. There are still cept \$2,189,000 of "Aprils and Octobers," quoted at lifteen cents. The latter, being a portion of those recently before the courts, are

quoted at twenty-three cents. Now it is evident, from the arguments preid that it is to the interest of every be decredit and collect annually taxes sufficient to pay said interest and retire a portion of the said the purposes aforesaid, and if embezziement or ishable as the constitution directs, it is evident that it would be to the best interest of the bondholder to accept willingly such a comprefrom one-third to one-half greater than the

For instance, if \$3,000 of old bonds worth \$800, the holder will have made a clear gain his new bond will be amply secured by

adjustment, it may be useful to examine the history of the different States, and enquire whether they or any of them authorized the refunding of the State debt: were not at some period burdened with debt the preamble of said act is quoted here, as it even as South Carolina is to-day; the method adopted to relieve themselves of that in-

debtedness, and the practical operation of such method. The State of Indiana failed to pay the in-

putation for bankruptcy and repudiation, from which she only recovered after years of deterthe resources of the State vanished into this earliest possible period, preparatory to a more air, and the railroads and canals could be united and vigorous exertion for its payment, found only in the buncombe speeches of their and to canalle the Convention for altering the

years. The State then made a compromise with her boudholders, in which she agreed to gest the danger. It would be best for all parties to look the difficulties squarely in the face, Caual in liquidation of one-half of her deb Caual in liquidation of one-half of her debt

> afterwards solemuly set apart all the revenues of the State derived from taxation for general scrip" amounted to \$913,215.44. They came state purposes, after the defraying of the into the possession of said firm as the agents ordinary expenses of the government, to the payment of the interest and liquidation of amount \$261,560.83, or about 28 64-100 cents, ordinary the principal of the debt. This compromise whereas they were entitled to receive accordand contract was afterwards confirmed by the ing to agreement about 40 cents on the people at the ratification of the "New Con- dollar. The firm refused to pay the balance, stitution of 1850."

and held none of these questionable bonds actually advanced upon the bonds with 7 per came forward willingly to relieve the State of cent. interest, from the date of the advance to the foul stain of repudiation, and made the time of funding; and notwithstanding sacrifices of their pecuniary interests which those bonds had passed into the hands of

secure basis; and without oppressive taxation her debt is being very rapidly extinguished.

The history of the finances of the State of The compromise made by the of votes: State of Indiana was made at the suggestion of the bondholders and with their hearty assent and co-operation; that of the State of Michigan was made without agreement, which the bondholder was obliged to accept taxable property, in addition to all other or get nothing. Her financial troubles began taxes, to be applied as follows, to wit: The in 1840. The fever for issuing bonds to fond so created small be kept separate, and build railroads and canals raged at that time annually on the first of January, be apporas an epidemic throughout the entire West. tioned and paid over provide, upon all such Like a prairie fire or a swarm of the dreaded. State indebtedness other than the canal and caterpillar passing over a cotton plantation in the South, its appearance was as sudden, its be presented by the holders of the same, to march as rapid, its desolation as complete.

In 1837 and 1838 Michigan issued \$5,200,-000 to build canals and railroads. The Governor made arrangements with a banking company to act as the agents of the State in the negotiation of the bonds. The company negotiated a portion of them and made the proper returns to the State; the moneys were payable in installments. The State was entitled to receive about \$2,857,039.76 on the remainder of bonds in hands of the company. when suddenly it collapsed, and it was disthe hands of innocent carties, and were out- to the extinguishment of the debt, as standing as a charge against the State. Governor publicly called upon the holders of security until compelled to do so by its mathem by the company or surrender them and have the amount they paid for them refunded. money under this tax in excess of what could The Legislature of 1841 confirmed the action of the Governor and again demanded the surmentioned. A portion of the entire sum of

The bondholders refused to accept the compromise and no further action was taken until some of these part-paid bonds section the principal at the rate of \$102.88 per \$1,000 in bonds, at the interest at the rate of six per the cent on \$302.43 for each \$1,000 of said bonds. In 1855, the Legislature directed the treasurer to notify the holders of said bonds, by within six months, as after that time no in-August, 1855, and from that time the bonds have been adjusted at the rate of \$578.67 for outstanding amine this: \$54,000, adjustable at \$31,242.78.

Under the operation of wise legislation, Now it is evident, from the arguments pre-viously advanced, that the State is unable to portion of the annual revenue and the levying debt or provide for the payment of interest or pay the interest upon the debt as it stands, of a specific annual tax for that purpose,—the holder that the debt be reduced in volume to a reasonable limit, so that the payment of and annually increasing, while the debt is to effect a compromise, but each and every interest may be resumed. If, when the hold-small, taxation light, and no occasion to make effort has been unsuccessful. bonds and stocks agree to surrender it oppressive. The auditor-general in his report of September, 1871, states that the sinkthem for a new and consolidated bond or port of September, 1871, states that the sink- he desires the matter to be settled and is en stock, the State agrees as a part of the ing fund was large enough to furnish the quiring as to the best method of adjustment. contract (of which such bond or stock means of redeeming all the bonds outstanding tell would be the evidence) to provide for the payment of the annually accraing interest tell would be surrender them, and the Governor, of the State of Arkansas, it appears that said the coupons or interest orders so sur-

til the debt is entirely extinguished) to levy through a similar experience to our own. The quoted in the market of any city of the circular collect annually taxes sufficient to pay success which rewarded that band of patriots lized world. This is attributable to the fact said interest and retire a portion of the said principal—if she instructs her agents as aforessid to disturs the funds we collected to the cloud of suspicion of results to the said principal—if she instructs her agents as aforessid to disturs the funds we collected to the said principal in the said principa oresaid to disburse the funds so collected to pudiation which rested heavily upon her, payment of interest on her bonds. A system of might well furnish a lesson to the citizens of financiering known only to thieves and robbers

The financial troubles of Illinois occurred that their operations now cost the State the prior to the adoption of the constitution of neat little sum of \$5,104,601.16. Not content mise. For if these remedies be placed in the pay the interest upon her debt until the prin- | country, and causing mourning at every hearthhands of every bondholder it is evident that cipal and its interest accumulations amounted stone, we find these self-same men arrayed while his new bond would represent upon its to the enormous sum (so considered at that in hostility to the present reconstruction face a sum equal only to two-thirds or one-half time,) of \$18,000,000. Party leaders imthe face value of his old bond, the market peached the validity of the debt, and recompublic gaze and investigation, the plunder value of the new bond would undoubtedly be mended that the people refuse to provide for and thefts of thirty years! * * * * its payment, while the tax payers relieved For years the levy of the State tax was light, from taxation for one purpose, vigorously op-posed paying any taxes at all. The distress- and economically managed, by letting the 15 cents on the dollar, or \$450, be exchanged ing condition of the finances is fitly portrayed in the report of the auditor of the for \$2,000 in new bonds worth at least 40 in the report of the auditor of the State of terest, and not seeing my appropriations cents on the dollar, or \$800, the holder will becomber, 1870. Said he: "To those who for the payment of interest on those bonds have made a clear gain upon the actual value can remember the condition of the State of of his bond of \$350; and again, if \$3,000 in Illinois in 1847, the treasury empty, the Govold bonds worth 23 cents on the dollar, or ernor borrowing money upon his own credit \$690, be exchanged for \$2,000 in new bonds to pay the postage on the letters written worth at least 40 cents on the dollar, or on the business of the State, her bankruptcy known and succeed at all over the work upon the actual value of his bond of \$110; even her honesty of purpose doubted, and and in addition thereto, the payment of the some of her own sons trying to bring her to interest and redemption of the principal of the infamy of repudiation; the simple statement of these facts requires no comment to make them impressive. Who can not see remedies in his immediate possession.

Before proceeding to discuss the details of that at least in the case of States and nations

honesty is the best policy."

The Legislature by act of February, 1847, shows in a nut-shell the exact condition of the

debt. "Whereas the State of Illinois has at various times issued a large amount of internal The State of Indiana failed to pay the interest upon her public debt from 1841 to 1847, during which time she acquired a respectively for tautement of the same numbers, and having interest coupons thereto attached similar in numbers. ber and description, thereby causing great confusion and opening a wide door for fraud, mined effort and the faithful discharge of her obligations. Like most of the Western States interest to those justly antitled thereto; and at that time gigantic schemes of internal im-provement, schemes for subscribing millions of State bonds to build canals and railroads scription of the bonds so issued, it is impossifor the development of the great West, were ble at the present time to determine the pre-rushed through the Legislature without the cise amount of the indebtedness of the State, slightest consideration of their feasibility. And its character, and when payable; and whereas, in Indiana, as in most of her sister States, these it is of the highest importance that the actual bonds were hypothecated and sold for a mere amount and character of the present State song. The Utopian schomes of developing debt should be accurately ascertained at the

constitution (about to assemble) to make some

adequate constitutional provision for the pay-ment of the principal when due, the accruing interest and the interest in arrear; therefore,"

Under this act the ontre debt was fund ed, except certain bonds and scrip known as the Macalister and Stebbins bonds and scrip, canal bonds, and other evidences of indebtedness of the Illinois and Michigan per cent, interest after 1854, for the other half, and funds of the State for the punctual payment of the interest and principal; and

ent, to the of the State. The State received for said and the Legislature in February, 1849, in Even the old creditors of the State who structed the Governor to compromise the were not directly interested in these schemes matter by offering to find the amount made the compromise possible.

And now, by the faithful performance of the terms of this compromise, her credit has been completely restored, and stands upon a with 7 per cent, interest. This arrangement innocent holders, the State refused to recogand most of the bonds have been funded at said rate.

The constitutional convention of 1848 Michigan furnishes another illustration of a submitted to the people the following amendcompromise effected between a State and her ment, which was ratified by a large majority

> "There shall be annually assessed and collected, in the same manner as other State revenue may be assessed and collected, a tax of two mills upon each dollar's worth of school indebtedness, as may for that purpose be entered as credits upon and to that extent in extinguishment of said indebtedness!

The first tax under this provision was collected in 1849-50: the credit of the State immediately revived, and in 1852 the State entered upon an era of prosperity unprece-dented in the history of any other State of the

This feature of the constitution operated beneticially to the tax payers in a manner entirely unforeseen. As the State grow in wealth the two mills tax, the collection of covered that the whole amount of bonds had which was imperative, began to realize a beca. hypothecated or sold, had passed into larger sum than the State could annually apply The bolders refused to surrender so valuable the bonds either to pay the balance due upon turity. It became necessary, therefore, in render of the bonds upon the terms before property as low as possible. The State audimentioned. A portion of the entire sum of tor, in his report for 1869, estimated the taxa-\$5,200,000, amounting to \$1,387,000, were not included in the demand for the reason twenty-five per cent, or one-fourth of its actual

The last levy under this provision of the constitution of 1848 was made in 1870. The 1846. At that time (March, 1846.) the State | moneys now on hand, together with the revsold her railroads and received as part pay enue from the Illinois Central Railroad, will be

The foregoing illustrations are sufficient to surer to notify the holders of said bonds, by show the manner in which several of the public advertisement, to surrender their bonds. States got into debt, the means they used to extricate themselves, and with what success. ter.st would be paid. The six months expired | The lesson they teach is too plain to require

Having looked at that picture, let us ex-

The State of Minnesota in 1859, authorized the issue of \$5,000,000 of bonds in aid of corample provision having been made for the tain radroad enterprises. The roads were not payment of the interest and extinguishment built, but the bonds were disposed of. The than is herein limited and expressed. debt or provide for the payment of interest or They have been practically reprincipal

diversion of said funds be made a felony, pun- this State who have her best interest at heart. without conscience prevailed to such an extent 1848. She had neglected for a long time to with impoverishing the State, desolating the measures, hoping thereby to hide from the bonds run for years without paying any in-

> edness of a prior generation." alt is proper to add that the State authorities referred to, who were responsible for that dobt, belonged to the Democratic party. The reconstructed government has recently made provision for the funding of the debt,

> it is not strange that they forgot the indebt-

disbursement of the public funds,

annually accruing interest of her debt for years, and it is only recently that the public have been made aware that the volume of debt has been largely augmented by the acerned interest. Virginia has been under a Democratic administration for years, and, like the laws which control the animal and vege-table kingdom, the nearer the debt approaches maturity the larger it grows.

It is strange indeed that those who created

and controlled the debt, and who still hold the reins of government, have made such inadequate provision for the payment, both of interest and principal.

The debt of Virginia is reported to be, in ound numbers, \$47,000,000.

The Legislature, session 1871-72, provided for the payment of 2 per centum of interest upon bonds entitled to 6 per centum of inerest, and 1; per centum of interest upon bonds entitled to 5 per centum. This is the bost they have done in defense of the financial honor of the State.
Sufficient has been written "to point a

noral." Let us now return from the study of the conduct and management of the debts of other States to the point whence we started, viz: the adjustment of our own debt.

don:
"It is, however, eminent some his audial scheme should "It is, however, eminently proper that some in budial scheme should be now adapted to prepare the State to meet the principal of the debt as it falls due. If the interest is regularly paid on the debt, \$160,000 annually set apart as a sinking fund for twenty years, invested in safe securities yielding six per cent. per annum, the principal being further increased by the investment of the interest

annually accruing, will accumulate the sum of The "Macalister and Stebbins bonds and \$3,899,312, which will be nearly adequate scrip" amounted to \$913,215.44. They came to the payment of the entire debt then due: and I recommend that proper legislation be adopted at the present session to inaugurate

"Under the act of September, 1866, provision was made to fund the interest on stock issued under the authority of the act of 1863. continue the construction of the new State House: the whole amount issued was some time during the year 1864 when there was a heavy depreciation of the currency and when labor and material were in a co responding degree appreciated; \$400,000 were issued in 1862 under authority of the act of 1861, when labor and material had appreciated very little. In my proclamation I excepted these two issues from immediate funding until the General Assembly met and determined whether these stocks should be scaled to the real value received by the State for them when issued. The convention adopted a rule for the government of trans actions between individuals during this time, perceived why the same rule should not be

its creditors." From the above, it appears that Governor Orr acknowledged that no provisious had been made for the payment of the principal of the public debt, and realized the necessity for, and wisdom of, making immediate pre visions therefor. He also conceived it t just and proper to scale a portion of the public debt, and took the responsibility upon himself to exclude them from the benefits of the funding acts, until the Legislature might meet and take action thereon.

While it is true that the Legislature dis

regarded his recommendations, every one will dmit their soundness. They are quoted here for the purpose of showing that a preceden has been established for the recommendations which follow.

I recommend

First That all the bonds of the State for which the State is actually liable, less \$38,000 State capital bonds of 1853 past due, to be otherwise provided for, be scaled in the fol-

That the State treasurer be authorized and instructed to receive from the holders willing to surrender the same all the bonds and tocks of the State previously issued and now outstanding against the State, (not including the State capital bonds before referred to, and bonds known as "Conversion bonds" issued directly by sale or hypothecation, the numbers and denomination of which will more fully appear by reference to the treasurer's registry I bonds and stocks converted, or issued directly, amounting to \$5,965,000,) and shall hereupon in exchange for and in lieu of said bonds or stocks so surrendered, issue to said holders other bonds or certificates of stock, as they may desire, equal in amount to of the face value of the bonds or stocks so

That the State treasurer be authorized and instructed to receive from the holders willing to surrender the same, all the bonds of the State, known as "Conversion bonds," issued directly by sale or hypothecation, the number and denomination of which will fully appear by reference to the treasurer's registry of bonds and stock converted, and issued directly, and shall thereupon in exchange for and in lieu of such bonds so surrendered, issue to said holders bonds or certificates of stock equal in amount to —— of the face value of the bonds so surrendered, and no liability on the part of the State is recognized further

That the State treasurer be authorized and instructed to receive from the holders willing to surrender the same, all the coupons upon of the State has been completely re; the resources of the State are large. The bondholders have made repeated efforts crued or will accrue on the 31st of October, 1873, and the interest orders upon interest mental laws of every civilized country, "that interest orders so surrondered, issue to said revenue they respectively enjoy under the holders bonds or certificates of stock equal is protection of the State" is a truism univer-From the report of the committee on fin- holders bonds or certificates of stock equal in protection of the State" and for the extinguishment annually of a portion of the principal until the whole shall be thus redeemed; if, in pursuance of such agreement, she instructs her agents (whoever may represent her from the date of the contract until the daht is entirely extinguished) to leve

be scaled in the same proportion. That the State treasurer be instructed to receive from the holders willing to surrender the same all the pay certificates, bills payable. scrip, or other evidence of State indebtedness outstanding against the State on the 31st of October, 1873—except appropriations payable as deficiencies—and shall thereupon, in exchange for and in lieu thereof, issue to said holders bonds or certificates of stock equal in amount to - of the face value of the par-certificates, bills payable, scrip, or other evi dence of State indebtedness so surrendered; Provided that no liability to pay the aforessid pay certificates, bills payable, and scrip of other evidence of State indebtedness is recog nized other than is herem limited and expressed. Second. The bonds and certificates of stock

herein authorized to be issued shall bear upor their face the words "bonds and certificates of stock," and shall also bear upon their fac a declaration to the effect that the payment of the interest is secured by the levy of an annual tax, and the redemption of the principal is likewise secured by a sinking fund provided for the purpose, which declaration shall be considered a contract entered into between the State and every holder of such bond of stock. Said bonds and stocks shall be signed hoping thereby to restore the credit of the State.

State.

The State of Virginia has not paid all the affixed thereto, and there shall be preserved in the offices of the secretary of State and State treasurer, a description of the amounts dates, and time of issuing said bonds, and the bonds and scrip so taken up shall be caucolled by the treasurer, and a list of their dates numbers and amounts, and by whom signed recorded in the offices of the State treasurer and secretary of State.

Third. That the faith, credit and funds o the State be solemnly pledged for the punc tual payment of the interest, and final redemption of the principal of said bonds stocks, and for providing a sluking fund for that purpose.

Fourth. That there shall be annually levied

and collected, from until the bonds and stocks herein authorized are extinguished, principal and interest, in the same manner and at the same time the gane ral State taxes are levied and collected, a tax of --- mills upon the dollar of each hun-dred dollar's worth of taxable property in the State, in addition to all other taxes. That the fund so created shall be kep

separate from all other funds and shall be First, to the payment of the annually iz: the adjustment of our own debt.

Governor Orr, in his annual message to the horein authorized.

Second, the surplus of said funds romain. This in in the reasony after the payment of the said interest shall be applied on or before the of each rear to the exingular-ment of the principal of the limble can, as

The --, shall constitute a board of comultssioners for the management and control of the anid surplus fund for the extinguishment of The said board shall give notice by public

advertisement for thirty days prior to the of — of each year, that they have under their control the sum of — dollars to be applied to the purchase of such bonds or stocks as may be presented for payment by the holders thereof, on the — of —, as aforessid; provided, that said bonds be purchased at a price not above their market value at the time of purchase, said value to be ascertained from the principal stock markets of the United States.

Third, that the bonds and stocks so redeemed shall be immediately cancelled by the treasurer in the presence of the board, and be entered as credits upon and to that extent in extinguishment of the public debt. That a detailed statement of the number, denomination and series of the bonds and stocks so redeemed and cancelled, together with the price paid for each bond and stock, as aforesaid, shall be prepared by the treasurer, signed by the board and furnished to the General Assembly at the commencement of each annual session thereof.

That embezzlement or diversion of said

, and imprisonment for not more the amount contexted or diverted to amount contexted or diverted to the same and the same as a decreasing similar the same at the same as a same and the same at t the for wat constitution as less the General Assembly small by a two-thresh vota relieve time or them of sincil dentiety, "For be and adjusting of

It will be obserted that the plan I have pro posed for the extinguishment of the public debt differs materially from the one proposed by Governor Oct. The scheme here presented is in successful operation in the best governed States of the Union. Experience has lemonstrated that a sinking fund operating at compound interest is not only liable to great abuse, but very seldom, if over, accomplishe the object of its projectors.

In the words of Dr. Hamilton, of Aberdeen, "the increase of revenue or the diminution of expense are the only means by which the sinking fund can be enlarged and its operations rendered more effectual; and all the schemes for discharging the national debt by sinking funds, operating at compound interest or in any other manner, unless so far as they are founded upon this principle, or by borr wing money elsewhere at a cheaper rate of interest than at home, to re-leem the debt at present worth, are completely illusory."

A foreible illustration of the correctness of this argument may be found here at

The city of Charleston has sunk in her fands, whether directly or indirectly by sinking fund the sum of \$891,621,33, which

showing a loss of 73 per cent. of the amo invested. Thus it has actually added to the dest which it was intended to extinguish. The plan here proposed is free from the

objections urged against the other. On a certain date of each year, the surplus of revenue, after paying the interest due for such years s applicable to the extinguishment, by the purchase at its then present worth, of a por-tion of the dobt itself, which amount so purchased will be immediately cancelled, and to hat extent each year the debt will be actual

Por instance, if one year after the passage For instance, if one year after the passag of the act herein proposed there be a surplu of \$50,000 to be applied to the extinguishm of the debt, and the then present worth of debt be fifty cents on the deliar, the board commissioners could purchase \$100,000 bonds or stocks having attached thereto nin teen years' worth of unmatured coupons of interest orders, or \$114,000. Thus \$50,000 in cash would reduce the debt, principal and interest, by \$214.000. If during the tenth year of the operation of

this fund, there be \$500,000 applicable to the extinguishment of the debt—and we propose to show that there will be that amount—and if the then present worth of the bonds be as high as 90 cents on the dollar, the board of commissioners could purchase \$555,555 of bonds or stocks, having attached thereto ten years' worth of unmatured coupons or interest orders, or \$333,333; and \$500,000 would reduce the debt by \$888,883.

Even at par \$500,000 at this time would reduce the principal and interest of the debt

The accompanying table will exhibit the

Table Showing the P. obable Operation of the Six Mill Tax in the Payment of the Interest and the Extinguishment of the Principal of the Public Tebt.

PERIOD.	TIME.	Basis or Taxance Pro-	PRINCIPAL OF PULLS.	Аммань Асентра Ту- тимят.	SUBPLYS FOR PURCHASE OF LEAST AND STOCKS.	A MOUNT PURCHAGEABLE. TREEFERTS.	ESTINATED MARKET VALUE THREEOF.	Harr or Assual Taxa-	Depertury for Collec- Tions Nulls Bond, 40.
First	O-tober 31, 1874	\$160,000,000	\$12,000,000 (0) 11,700,000 (0) 11,370,000 (0) 11,007,000 (0) 10,607,700 (0)	\$720 (88) (9) 702 (00) (8) 682 (20) (0 660 420 (0 6 20,462 (0)	\$180,000 (a) 198,000 (b) 217,800 (0) 249,580 (0) 263,548 (0)	\$300,000 00 330,000 00 363 000 00 399,300 00	60 Cents	6 Milla.	\$60,000
Second	" 1879 " 1880 " 1881 " 1882	174,000,000	10,168,470 00 9,715,280 16 9,223,816 80 8,697,237 08 8,126,341 40	610,108 20 682,910 86 564,680 21 521,844 22 487,580 50	367,683 14 367,683 14 396,449 79 428,165 78 462,419 50	419,230 00 453,189 04 489,444 16 528,580 72 570,895 68 616,551 32	75 Cents.		70,000
Third	- 1584 1885 1885 1887 1887 1888	180,000,000	7,309,782 08 6,301,413 87 6,171,415 56 5,431,230 10 4,648,194 00	470,586 92 411,894 83 370,284 93 325,876 81 278,291 65	649,413 08 688,196 17 629,715 07 674,123 19 721,708 35	641,068 21 691,998 31 740,135 17 793,086 10 849,068 65	85 Cents.		60,000
Fourth	" 1899	200,000,000	3,789,125 34 2,911,472 86 1,938,341 21 1,007,441 70	225,347,52 174,868,37 119,300,47 60,458,50	874,052 48 925,131 64 98 ,099 53 1,039,541 50	874,652 48 925,131 63 980,639 53 1,007,641 70	\$1.00		160,000

Cash on hand October 31, 1894, \$31,799.50

by a scaling process, to a maximum of even amount I have selected simply for the pur-TAXATION.

Taxation is defined as the taking of private property for public use. The exercise of this power is always regarded by the individual with a jealous eye; and is a subject of especial interest. It affects in its operation every individual who forms a component part of the body politic, whether he be the owner of property or not. The discussion of the various systems and the best methods of taxation, engrosses the attention of the states men of the civilized world. Whether in "proud Britain, restive France, imperial Russia or feverish Italy," it is at the present

moment a question of all absorbing interest. Taxation, in some form, is as ancient in origin as society itself. No civilized community can exist without taxation, and no high degree of civilization is attainable with-

out comparative large texation. The principle, taid down by Adam Smith, which has been engrafted upon the fundathe subjects of every State ought to contriully accounted That therefore, is most just and equitable, and entform and equal rute of assessment and taxation, and which declares that all property. real, personal or possessory, shall be subject

This system of taxation succeeded the sys tem, or rather lack of system, of the feudal ages, when all property was held as flefs of the crown. The crown was maintained by the crown estates. The lords, or the original sovereigns under the crown, exacted tribute from their serfs. In time of war each lord was expected to furnish his quota of troops and bear his share of the expense. Justice was administered by the lords proprietors, and the measure of justice meted out was regulated by the ability of the person so de siring to pay for it.

Among the Hebrews, during the time of olomon, taxes were levied upon houses and transit taxes and tariffs on the introduction of foreign merchandise. So oppressive was the system of taxation then that it caused the toning to death of Adoram, who was "over the tribute" and the secession of the ten tribes.

In the Athenian republic no direct taxes were levied upon real or personal estate, but revenue was derived from the sale of public and, fines and confiscations, and a capitation tax upon freedmen and foreigners, duties upon oreign commodities and morchandiso. In Rome, under the republic, the spoils of

conquered nations and the annual tribute required of them, paid the expenses of the government, but under the empire portions of the evenue were sequestrated, capitation taxes evied, taxes on corn and heavy sums exacted for the privilege of Roman citizenship.

In France, prior to the revolution of 1798, the nobility and clergy were exempt from tax-

ation, and the burden rested heavily and with crushing weight upon the poor. Resort was often had to forced loans, sale of monopolies, and even confiscations, to meet the extravagant expenses of the monarch. To return from this digression as to the various methods of taxation of force at different

periods of the history of the world, the system of taxation which now prevails is pre-eminently superior in that the burden is equalized, each individual contributing his share of the expense of the State in proportion to the protection of life and property he enjoys under the laws of the State. It will be admitted by all that taxation is a

necessary expense; it is also a desirable ex-"It can probably be demonstrated." it has been said, "that there is no one act which

This table, as has been seen, has been | dicious expenditure for public purposes of a | ago. The taxes fall chiefly where they befair percentage of the general wealth, raised by an equitable system of taxation. The estate caunot afford to keep thousands of acres fruits of such expenditure are general education, and general health, improved roads, diminished expenses of transportation, and seurity for life and property.

Taxation is not therefore an unmixed evil, which every one should make it his duty to avoid. The tax gatherer is not, as some assert, the natural enemy of the tax payer.

In the eloquent language of Deems I do not look upon taxatien as an unmixed evil; the clouds that gather above us in the seavens, dark as they may seem, dense as they may be, have yet their golden edge and silver lining. These clouds are the taxes and no cry by the large real estate owner of the earth to support the great economy of excessive taxation can stay its progress. nature. They sack up the exhalations from myriad fields and hillsides; they absorb the mists of morning and the dews of eve; but they do not rob the earth, they despoil not the meadows which they assess; for through the wonderful chemistry of the skies they return in fertilizing showers, they are dispensed in rivulets and rivers, to make the wilderness blossom as the rose, and the harvest fields laugh with fatness."

Kven so, under a wise economy of public administration, the revenues of government applied faithfully, legitimately and honestly may return seven fold, and produce new fruits | ninth census :

of general prosperity.
But says some tax payer, "I admit the for taxation : I admit that it is a desirable form of expenditure. But our repre-sentatives coming, as a majority of them do, from the non-property holding class of our citizens, have been inconsiderate and careless in the levy of an excessive and burdensome rate of taxation. Taxation has increased at an onormous rate since the palmy days necessary to meet the public requirements."

Let us enquire how far this tax payer's

Under the suomalous system of taxation in vogue during the palmy days ante bellum," real estate bore but an inconsiderable portion of the public expense. That species of property which paid the largest annual premium upon the capital invested, could best afford to bear the burden of taxation, and hence the revenues of the State came chiefly from the tax on slaves and an arbitrary tax upon free persons of color.

For instance, \$600 invested in a healthy male slave would realize yearly at least \$170 upon the investment. The owner could therefore well afford to pay the tax imposed, as in 1860, of \$1 26 upon his negro slave. In 1860, according to the census of that

date, there were in South Carolina 402,406 slaves, yielding to the State a tax of \$1.26 per head, or \$507,031.56, and 9.914 free per head, or \$507,051.56, and 9,914 free persons of color, paying a tax of \$3.00 per head, or \$29,742, making a total revenue from taxes upon slaves and free porsons of color of \$536,773.56 or nearly nine-tenths of the entire amount necessary to carry on the government. The practical working of this system was the

fostering and building up of a large and poworful landed aristocracy; a man's title to rank and social position depended upon his princely acres. The greatest boast of the South Care ina gentleman was his inheritance of vast landed possessions, the hunting grounds of his fathers, the pride of his children.

The comptroller-general, in his report to the

General Assembly for 1860, stated that "the tax on all the land of the State, amounting to 17,558,401 acres, produced only \$82,515.51, which is less than an average of five cents per acre!"
Valuable cotton lands which the owners

would not have sold for hundreds of dollars an acre, were valued for the purposes of taxation at five cents per acre.

Now, human slavery is abolished. Millions

of capital invested in human chattels have been swept out of existence with a single stroke of the pen. Some other species of property must bear the expenses of the government in its stead. Which is it? The ex-perience of the civilized world answers that the true basis of taxation is real and persona! estate, and the new regime in conformity to that experience has adopted that system for

the new order of things.

The practical operation of this new and Omniscient Providence. can be performed by a community, which brings in so large-a return to the credit of civilization and general happiness, as the ju-

idle and unproductive merely to gratify his personal vanity, and because he inherited them from his fathers and pay the tax upon them Stern necessity, therefore, will compel him to cut up his ancestral possessions into small farms, and sell to those who can and will make them productive; and thus the masses of the people will become property holders; wealth will be more widely diffused; the people will become more prosperous; immigrants will come and settle amongst us and develop the vast resources of the State. Thus on ward the march of civilization makes its way,

But aside from this view of the question there is another which I will now present. That the aggregate amount received from taxa-tion since 1860 has greatly increased, is a fact which none will deny; but this is also true of the national government, and of every State of the Union. The question is not whether taxation has or has not increased, but whether the comparative rate of increase is greater in

this than other States of the Union The following table will show the increase of taxation between the years 1860 and 1870, in five Democratic States, as shown by the

States. Aggregate, Taxation, Increase in Av rage Tennessee, 1,102,793 8,381,579 2.06 20 6-10
Tennessee, 1,102,793 8,381,579 2.06 20 6-10
Maryland, 2,153,895 6,922,900 2.20
Maryland, 2,153,895 6,922,900 2.20
Maryland, 2,153,895 6,322,900 2.20
Missouri, 4,102,638 18,508,498 2.14
Unioral average annual increase, 20 6-10, 1860, 1570
S. Carolina, \$1,290,886 \$2,767,615 \$1.16 11 6-10

Thus it is seen that while the average annusl increase of taxation in those five States has been 20 6-10 per cent, in South Carolina it has been only 11 6-10 per cent. The aggregate taxation of the national gov-

ernment has increased from \$94,186,746, in 1860 to \$280,591,521 in 1870, or an average annual increase of 19 4-5 per cent. The following table will exhibit the pe capita taxation in several of the States, (an shown by the ninth census.) and by this table, also, South Carolina gains by the com

parison.

eapita, \$16.84 11.09 8.75 8.49 4.83 3,92 Massachusetts, 1,457,351 New York, 4,882,779 Ohlo, 2,667,65 Maryland, 789,834 Kentucky, 1,821,011 South Carolins, 705,666 taxation. \$24,922,900 48,559,308 28,526,548 The per capita taxation of the United

States, according to the ninth census, is \$7.27. The State of Nevada with a per capila taxation of \$19.40, and the State of Florida with a per copila taxation of \$2.64, probably re-present the extreme and mean of the per

capita taxation of the different States.

The average per capita taxation of the thirty-seven States comprising the American Union is \$7.27, or \$3.36 more than that of

South Carolina.

The foregoing illustrations prove conclusively that the rate of taxation in this State is not excessive, and that the increase cince 1860 has not been greater than that of the United States or the several States.

It will be noticed from the foregoing tables that the State of Massachusetts, unquestionably the best governed State of the Union, is with one exception, the highest taxed of any State of the Union; and, notwithstanding the magnitude of taxation, the aggregate receipts

have not been sufficient to prevent an aunual increase of the public debt. CONCLUSION.

Senators and Representatives, permit me to express the hope that, while differences of opinion, incident to the right of free discussion among independent and untrammelled Legislators, will be asserted in your respective Houses as to the grave questions presented for your consideration, your deliberavided purpose to advance the common interest of the people and the tree welfare of the

And to these ends I sincerely invoke apon all your counsels the benign guidance of

FRANKLIN J. MOSES. JR., Governor of South Care