reputitation in same, that such delay will be incurred as will make the accumulated debt so large that there will be an indisposition to touch it; that now detion will lead to final religious to pay. I carnestly hope that this will not be the case, but I feel it my duty to suggest the danger. It would be best for all parties to look the difficulties squarely in the face, and make a full and final settlement, by construction will the automating issues into a construction. verting all the outstanding issues into a con-solidated debt, upon which the interest would be paid without failure. In my opinion the dreditors would be willing to accept such an issue in satisfaction of their claims, provided to great a loss should not be inflicted upon them; and cartainly in view of the constitution. them; and certainly, in view of the constitu-tional 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 flust adjustment shall be made, it will no toubt be apported by the good men of all parties, and will be acquiesced 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 "seourities" which others the best guarantee of safety—securities w an will not only pay a premium upon the moust invested, but which may be disposed of, without loss, whenever a

change of investment is desired—in other words a marketable security.

The value of h 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 be sued; 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 the will of the State as expressed in such

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 remedy of 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 investment that could possibly be made, innament as the holder thereof has a lieu upon the entire property of the citizens of the

State.

How is it with the bonded debt of this

Our dobt may be divided into three classes The first class includes all those bonds, (ori-ginally issued,) of the five classes enumerat-ed in the decision of the Supreme Court upon the Morion; 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 bonds and stocks, (except Blue Ridge bonds.) the bonds for funding past due interest and principal, and funding bills Bank of the State,

nd amounts to \$4,513,503.35.
The third class are those for which no pro vision has been made for the payment of interest or principal by guarantee or otherwise, and includes the Blue Ridge bonds, (the absence of the guarantee in this instance being probably an oversight) and the conversion bonds 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 pres-

ot market value. "Our "January and July bonds," old and new, which comprise the entire amount, except \$2,189,000 of "Aprils and Octobers," are quoted at lifteen cents. The latter, being a portion of these recently before the courts, are

uoted at twenty-three cents.

Now it is evident, from the arguments previously advanced, that the State is unable pay the interest upon the debt as it stends, and that it is to the interest of every bond-holder that the debt be reduced in volume to a reasonable limit, so that the payment of interest may be resumed. If, when the holders of our bonds and stocks agree to surrender them for a new and consolidated bond or stock, the State agrees as a part of the contract (of which such bond or stock itself would be the evidence) to provide for and for the extinguishment annually of a por-tion of the principal until the whole shall be thus redeemed; if, in parsuance of such agreement, she instructs her agents (whoever may represent her from the date of the contract mill the debt is entirely extinguished) to levy and collect annually taxes sufficient to pay said interest and retire a portion of the said principal—if slie instructs her agents as aforesaid to disburse the funds so collected to the purposes aforesaid, and if embezzlement or diversion of said funds be made a felony, punishable as the constitution directs, it is evident of said funds be made a felony, punthat it would be to the best interest of the bondholder to accept willingly such a compromise. For if these remedies be placed in the listeds of every bondholder it is evident that while his new bond would represent upon its bond would represent upon its face a sum equal only to two-thirds or one-inif value of the new bond would undoubtedly be from one-third to one-half greater than the

present value of the For instance, if \$3,000 of old bonds worth 15 cents on the dollar, or \$450, be exchanged for \$2,000 in new bonds worth at least 40 cents on the dollar, or \$800, the holder will have made a clear gain upon the actual value of his bond of \$350; and again, if \$3,000 in old bonds worth 23 \$600, be exchanged for \$2,000 in new bonds worth at least 40 cents on the dollar, or \$800, the lioider will have made a clear gain upon the actual value of his bond of \$110; and in addition thereto, the payment of the interest and redemption of the principal of his new bond will be amply secured by

remedies in his immediate possession.

Before proceeding to discuss the details of this plan of adjustment, it may be useful to history of the different States, and onquire whe her they or any of them were not at some period burdened with debt 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 interest upon her public debt from 1841 to 1847, during which time she acquired a reputation for bankruptey and repudiation, from which she only recovered after years of determined effort and the faithful discharge of her obligations. Like most of the Western States at that time gigantic schemes of internal im-provement, schemes for authoribing milions of State bonds to build canals and railroads for the development of the great West, were rushed through the Legislature without the aligntest consideration of their feasibility. And in Indiana, as in most of her sister States, those bonds were hypothecuted and sold for a fuere song. The Utopian schemes of developing the resources of the State vanished into thin air, and the reilronds and causes could be found only in the buncombe speeches of their

In 1848 the people realized their true condition, but not before they had been burdened with a debt of \$14,000,000, besides, the interest which had been accumulating for six years. The State then made a compromise with her boudholders, in which she agreed to transfer her title to the Wabash and Eric Canal in liquidation of oue-half of her debt and to issue certificates of stock, bearing five per cent. interest after 1854, for the other half

The Legislature solemnly pledged the faith and funds of the State for the punctual payment of the interest and principal; and afterwards solemnly set apart all the revenues of the State derived from taxation for general State purposes, after the defraying of the ordinary expenses of the government, to the payment of the interest and liquidation of the principal of the debt. This compromise and contract was afterwards confirmed by the people at the ratification of the "New Constitution of 1850" titution of 1850."

Even the old creditors of the State who were not directly interested in these schemes and held none of these questionable bonds came forward willingly to relieve the State of

came forward witingty to reneve the state of the foul stain of repudiation, and made sacrifices of their pecuniary interests which 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 perfeatly accure basis, and without courses. perfectly secure basis; and without oppressive taxation her debt is being very rapidly

The history of the finances of the State of Michigan furnishes another illustration of a compromise effected between a State and her creditors. The compromise made by the creditors. The compremise made by the 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 boudholder was obliged to accept or get nothing. Her fibancial troubles began in 1840. The fever for issuing bonds to build railroads and canals raged at that time as an epidemic throughout the entire West. Like a prairie lire or a swarm of the dreaded caterpillar passing over a cotton plantation in the South, its appearance was as sudden, its march as rapid, its desolution as complete. In 1837 and 1838 Michigan issued \$5,200,-000 to build canals and railroads. The Gov-

ernor made arrangements with a banking company to act as the agents of the State in the negotiation of the bonds. The company 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 dis-covered that the whole amount of bonds had been hypothecated or sold, had passed into the hands of innocent parties, and were outstanding as a charge against the State. The Governor publicly called upon the holders of the bonds either to pay the balance due upon them by the company or surrender them is have the amount they paid for them refunded.

The Legislature of 1841 confirmed the action of the Governor and again demanded the surrender of the bonds upon the terms before mentioned. A portion of the entire sum of \$5,200,000, amounting to \$1,387,000, were not included in the demand for the reason

previously given.
The bondholders refused to accept the com promise and no further action was taken until 1846. At that time (March, 1846,) the State sold her railroads and received as part pay some of these part-paid boads, scaling flie principal at the rate of \$403.88 per \$1,000 in ounds, and the interest at the rate of six per cent on \$302.13 for each \$1,000 of said bonds.

In 1855, the Legislature directed the treasurer to notify the holders of said bonds, by public advertisement, to surrender their bonds within six months, as after that time no in-terest would be paid. The six months expired August, 1855, and from that time the bonds have been adjusted at the rate of \$578.57 for ouch \$1,000. There are still outstanding \$54,000, adjustable at \$31,242.78.

Under the operation of wise legislation ample provision having been made for the myment of the interest and extinguishment of the principal, by solemnly setting apart a portion of the annual revenue and the levying of a specific annual tax for that purpose,—the credit of the State has been completely restored; the resources of the State are large and annually increasing, while the debt is small, taxation light, and no occasion to make it oppressive. The auditor-general in his re-port of September, 1871, states that the sinkmids the repeal of the act

of the finances of the State of Illinois is worthy of especial notice in this connection, as in several respects she passed through a similar experience to our own. The success which rewarded that band of patriots who combined to restore the credit of the State, and to lift the cloud of suspicion of repudiation which rested heavily upon her, might well furnish a lesson to the citizens of this State who have her best interest at heart.

The financial troubles of Illinois occurred prior to the adoption of the constitution of 1848. She had neglected for a long time to pay the interest upon her debt until the prinsipal and its interest accumulations amto the enormous sum (so considered at that tume,) of \$18,000,000. Party leaders im-peached the validity of the debt, and recommended that the people refuse to provide for its payment, while the tax payers relieved from taxation for one purpose, vigorously op-posed paying any taxes at all. The distressing condition of the finances is fitly portrayed in the report of the auditor of the State of December, 1870. Said he: "To those who can remember the condition of the State of Illinois in 1847, the treasury empty, the Governor borrowing money upon his own credit to pay the postage on the letters written on the business of the State, her lankrunies business of the State, her bankrupte known and succeed at all over the world even her honesty of purpose doubted, and some of her own sons trying to bring her to some of her own sons trying to oring her the the infamy of repudiation; the simple state-ment of these facts requires no comment to make them impressive. Who can not see that at least in the case of States and nations

honesty is the best policy."

The Legislature by act of February, 1847. authorized the refunding of the State debt the preamble of said act is quoted here, as i shows in a nut-shell the exact condition of the

"Whereas the State of Illinois has at vari ous times issued a large amount of internal improvement bonds of various classes, ye pearing the same numbers, and having inter est coupons thereto attached similar in num her and description, thereby causing great confusion and opening a wide door for fraud and rendering it extremely difficult to pay the interest to those justly entitled thereto; an whereas, also, from a want of a full and pe feet record of the classes, numbers, and de scription of the bonds so issued, it is impossiole at the present time to determine the precise amount of the indebtedness of the State is character, and when payable; and whereas it is of the highest importance that the actual amount and character of the present State debt should be accurately ascertained at the earliest possible period, preparatory to a more united and vigorous exertion for its payment, and to enable the Convention for altering the constitution (about to assemble) to make some

ment of the principal when due, the accruing interest and the interest in arrear; therefore,"

Under this act the entire debt was fund-ed, except certain bonds and scrip known as the Macalistor and Stebbins bonds and scrip, canal, bonds, and other evidences of indebtedness of the Illinois and Michigan canal. New internal improvement scrip was issued for the old debt, equal in amount and bearing like interest and payable at the same

time as the bond or scrip surrendered.

The "Mucalister and Stebbins bonds and into the possession of said firm as the agents of the State. The State received, for said amount \$261,660.83, or about 28 64-100 cents, whereas they were entitled to receive according to agreement about 40 cents on the dollar. The firm refused to pay the balance, and the Legislature in February 1849 in. and the Legislature in February, 1849, instructed the Governor to compromise the matter by offering to fund the amount actually advanced upon the bonds with 7 per cent. interest, from the date of the advance to the time of funding; and notwithstanding the time of limiting; and notwithstanding those bonds had passed into the hands of innocent holders, the State refused to recognize any further liability upon them, except to the amount of 26 cents on the dollar with 7 per cent, interest. This arrangement was acquiesced in by many of the holder and most of the bonds have been funded at said rate.

The constitutional convention of 1848 submitted to the people the following amend-ment, which was ratifled 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 taxable property, in addition to all other taxes, to be applied as follows to wit: The fund so created shall be kept separate, and annually on the first of January, be apporstate indebtedness other than the canal and school indebtedness, as may for that purpose be presented by the holders of the same, to be entered as credits upon and to that extent in extinguishment of said indebtedness."

The first tax under this provision was col-

lected 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 beneficially to the tax payers in a manner entirely unforeseen. As the State grew in wealth the two mills tax, the collection which was imperative, began to realize a larger sum than the State could annually apply to the extinguishment of the debt, as the holders refused to surrender so valuable a security until compelled to do so by its ma turity. It became necessary, therefore, in order to avoid the collection of an amount of money under this tax in excess of what could be actually applied yearly to the extinguishment of the debt, to reduce the valuation of property as low as possible. The State auditor, in his report for 1869, estimated the taxa-ble property of the State to be assessed at 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 moneys now on hand, together with the rev-enue from the Illino's Central Railroad, will be more than sufficient to cancel the entire indebtedness at maturity, which amounted on the 31st day of December, 1872, to \$2,060,-

The foregoing illustrations are sufficient to show the manner in which several of the States got into debt, the means they used to extricate themselves, and with what success. The lesson they teach is too plain to require

Having looked at that picture, lot us ox-

The State of Minnesota, in 1859, authorized the issue of \$5,000,000 of bonds in aid of cer-tain railroad enterprises. The roads were not built, but the bonds were disposed of. The State refused to recognize the validity of the debt or provide for the payment of interest or principal. They have been practically repudiated for fourteen years.

The bondholders have made repeated efforts

to effect a compromise, but each and overy effort has been unsuccessful.

The present treasurer, however, states that he desires the matter to be settled and is en-State had cirtually repudiated her debt for thirty years. In reply to the question "What is the present value of our State bonds," the committee reported "That the bonds of the State of Arkansas are not quoted in the market of any city of the civilized world. This is attributable to the fact that in a period of nearly thirty years, the State authorities have not provided for the payment of interest on her bonds. A system of inanciering known only to thieves and robbers without conscience prevailed to such an extent that their operations now cost the State the neat little sum of \$5,104,604.16. Not content with impoverishing the State; desolating the country, and causing mourning at every hearthstone, we find these self-same men arrayed in hostility to the present reconstruction measures, hoping thereby to hide from the public gaze and investigation, the plunder and thefts of thirty years 1 * * * * For years the levy of the State tax was light the people thought the government was well and economically managed, by letting the bonds run for years without paying any interest, and not seeing any appropriations for the payment of interest on those bonds in the disbursement of the public funds, it is not strange that they forgot the indeb

It is proper to add that the State authorities referred to, who were responsible for that debt, belonged to the Democratic party.

erued 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 creater adequate provision for the payment, both of interest and principal

The debt of Virginia is reported to be, in round 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 interest, and 13 per centum of interest upon bonds outified to 5 per centum. This is the best they have done in defense of the financial honor of the State, Sufficient has been written "to point

moral." 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. Governor Orr, in his annual message to the

adequate constitutional provision for the pay- Legislature (session of 1866), made the following recommendations in regard to the public

delt:

"It is, however, eminently proper that some fluonelal scheme should be now adopted to prepare the State to nicet the principal of the debt as it falls due. If the interest is regularly paid on the debt, \$100,000 annually set apart as a sluking fund for twenty years, invested in safe securities visibles. 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 \$3,899,312, which will be nearly adequate to the payment of the entire debt then due; and ferecommend that proper legislation be adopted at the present session to inaugurate this scheme.

"Under the act of September, 1866, provision was made to fund the interest on stock issued under the authority of the act of 1863, to continue the construction of the new State House; the whole amount issued was \$24,820. The issue was not made until some time during the year 1884, when there was a heavy depreciation of the currency and when labor and material were in a corresponding 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 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 transactions between individuals during this time, which was just and honest, and no reason is perceived why the same rule should not be perceived why the same rule should not be applied in transactions between the State and

its creditors." From the above, it appears that Governo Orr acknowledged that no provisions had been made for the payment of the principal of the public debt, and realized the necessity for, and wisdom of, making immediate pro-visious therefor. He also conceived it to be 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 disregarded his recommendations, every one will admit their soundness. They are quoted hero for the purpose of showing that a precedent 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 \$33,000
State capital bonds of 1853 past due, to be otherwise provided for, be scaled in the following manner, to wit:

That the State treasurer be authorized, and instructed to receive from the holders willing to surrender the same all the bonds and stocks 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' directly by sale or hypothecation, the numbers and denomination of which will more fully appear by reference to the treasurer's registry of bonds and stocks converted, or issued directly, amounting to \$5,965,000,) and shall thereupon in exchange for and in lion of said bonds or stocks so surrendered, issue to said holders other bonds or certificates of stock, surrendered.

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," issue directly by sale or hypothecation, the number and denomination of which will fully appear by reference to the treasurer registry of bonds and stock converted, and assued directy, and shall thereupon in exchange for and in lieu of such bonds so surre dered, 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 than is herein limited and expressed.

That the State treasurer be authorized and nstructed to receive from the holders willing to surrender the same, all the coupons upon the bonds before mentioned, which erued or will accrue on the 31st of October, 1873, and the interest orders upon interest due upon certificates of stock as aforesaid to due upon certificates of stock as aforesaid to bute towards the support of the government bute towards the support of the government port of September, 1871, states that the small ing fund was large enough to furnish the means of redeeming all the honds outstanding before their maturity, if the holders could be ance of the constitutional convention of 1868, of the State of Arkansas, it appears that said the coupons or interest orders so surrendered, issue to said bolders bonds or certificates of stock equal in amount to — of the face value of the State of Arkansas, it appears that said rendered as follows: Coupons and interest orders of the principal of bonds and stocks scaled at _____ to be scaled in the same

be scaled in the same proportion.

That the State treasurer be instructed receive from the holders willing to surrender the same all the pay certificates, bills payable, scrip, or other evidence of State indebtedness utstanding against the State on the 31st o October, 1873-except appropriations payable as deficiencies-and shall thereupon, in exchange for and in lieu thereof, issue to said polders bonds or certificates of stock equal in amount to ____ of the face value of the pay certificates, bills payable, scrip, or other evience of State indebtedness so surrendered Provided that no liability to pay the aforesaid pay certificates, bills payable, and serip or ther evidence of State indebtedness is recognized other than is herem limited and ex pressed Second. The bonds and certificates of stor

perein authorized to be issued shall bear upon their face the words "bonds and certifiof stock," and shall also bear upon their face a declaration to the effect that the payment the interest is secured by the levy of an annual tax, and the redemption of the princi-pal is likewise secured by a sinking fund provided for the purpose, which declaration shall be considered a contract entered into between The reconstructed government has recently made provision for the funding of the debt, stock. Said bonds and stocks shall be signed the State and every holder of such bond of State.

The State of Virginia has not paid all the annually accruing interest of her debt for years, and it is only recently that the public have been made aware that the volume of the state and stocks shall be signed by the _____, countersigned by the _____ and have the great seal of the State affixed thereto, and there shall be preserved in the offices of the secretary of State and State treasurer, a description of the secretary of the secret have been made aware that the volume of dates, and time of issuing said bonds, and the debt has been largely augmented by the acby the treasurer, and a list of their dates, numbers and amounts, and by whom signed recorded in the offices of the State trea-

surer and secretary of State.
Third. That the faith, credit and funds the State be solemnly pledged for the puncand controlled the cobt, and who still hold the reins of government, have made such instocks, and for providing a sinking 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 general State taxes are levied and collected, the State, in addition to all other taxes

That the fund so created shall be separate from all other funds and shall First, to the payment of the annually accruing interest upon the bonds and stocks

herein authorized.

Second, the surplus of said funds remain- | than ing in the treasury after the payment of the seid interest shall be applied on or hefore the of each year to the extinguish-ment of the principal of the public debt, as

The --, shall constitute a board of commissioners for the management and control of the said surplus fund for the extinguishment of the public debt.

The said board shall give notice by public advertisement for thirty days prior to the — 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 aforesaid; provided, that said bonds be pur-chased 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 A tembly at the commencement of embly at the commencement of

each annual session thereof.

That embezzlement or diversion of said funds, whether directly or indirectly by speculating in said bonds, or purchasing them at fletitious prices, be made a felony punish-able by a fine of not more than ——— nor less

___, and imprisonment for not more than — or less than —, proportionate to the amount embezzled or divorted; and the person or persons so offending shall be forever, thereafter, disqualified from holding any office of profit or trust under the constitution unless the General Assembly shall by a two-thirds voto relieve him or them of such disability, upon payment into the treasury of the amount so embezzled or

divorted It will be observed that the plan I have proosed for the extinguishment of the public debt differs materially from the one proposed by Governor Orr. The scheme here presented is in successful operation in the best governed States of the Union. Experience has demonstrated that a sinking fund operating of compound interest is not only liable to great abuse, but very seldom, if ever, accomplishes the object of its projectors.

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 borrowing money elsewhere at a cheaper rate of in-terest than at home, to redeem the debt at

present worth, are completely illusory."

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

The city of Charleston has sunk in her sinking fund the sum of \$891,624.33, which

showing a loss of 73 per cent. of the emount

showing a loss of 73 per cont. of the smount invested. Thus it has actually added to the debt 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 year, is applicable to the extinguishment, by the purchase at its then present worth, of a per purchase at its then present worth. is applicable to the extinguishment, by the purchase at its then present worth, of a portion of the debt itself, which abount so purchased will be immediately cancelled, and to that extent each year the debt will be actually

For instance, if one year after the passage of the act herein proposed there be a surplus of \$50,000 to be applied to the extinguishment of the debt, and the then present worth of the debt be fifty cents on the dollar, the board of commissioners could purchase \$100,000 of bonds or stocks having attached thereto nineteen years' worth of numatured coupons or interest orders, or \$114,000. Thus \$30,000 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 in-terest 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 by \$800,000.

sing them was invested to compound interest and pay the city debt. The estimated value of the assets of this fund is set down at \$246,997.26,

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 Pebt.

PERIOD.	TIME.		BASIS OF TAXABLE PRO-	PRINCIPAL OF PUBLIC	ANNTALLY ACCRUISG IN-	STRPIUS FOR PURCHASE OF BOARS AND STOCKS.	AMOUNT PURCHASEABLE THEREWITH.	ESTIMATED MARKET VALUE THEREOF.	RATE OF ANNUAL TAXA- TION.	DESICTION TOR COLLEC- TIONS NULLA BOXA, 4C.
First	October 31,	1874	\$160,000,000		\$720,000 (P)	\$180,080 00	S. SLAD, CAM) CAO	60 Cents,	6 Mills.	\$60,000
		1876		11.700,000 (xx	702,5881 (X)	198,000 00	330,000 00			600,000
**		1877		11,370,000 00	652,200 01	217,800 00	3-11,000 00			
	**	1874		11,007,0 to 00	660,420 0	249,580 00	399,300 00			
Second	es	1879	170,000,000	10,607,755 00	6 46,462 00	264,538 00	439,230 00		1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	
	**	1880	110,000,000		610,108 20	349,891 80	453,189 04	75 Cents.	1 1 1 1 1 1 1 1 1 1	70,000
66		1881		9,715,280 96 9,225,836 80	582,916 86	367,083 14	449,444 16		The state of the s	Cres distant
**		1883		8,697,217 08	553,580 21	396,449 79	528,599 72		1 1 1 4 6	
44	- 44	1883		8,126,341 40	521,844 22 487,540 50	428,165 78	570,895 68			
Third	**	1.584	180,000,000	7,309,782 (18)	450,586 92	462,419 50	616,559 32	0.2022000	TA LE SE	
		1885	a display of the	6,863,413 87	411,804 83	549,413 08 688,195 17	644,208 21	85 Cents.		80,000
**		1886		6,171,415 56	370,284 93	629,715 07	691,998 31 740,135 37			
		1887		5,431,280 19	325,876 81	674,121 19				
		1888		4,638,194 09	278,291 65	721,708 35	793,086 10 849,068 65		7.183	11 1 1 1 1 1 1 1
Fourth		1889	200,000,000		225,347 52	874,652 48	874,652 48	\$1 00	A RIVERS	200
		1890		2,914,472 86	174,868 37	925,131 63	925,131 63	\$1 (W	A CHARLES I	100,000
15th 1		1891		1,988,341 21	119,300 47	US ,699 53	DNI,699 53		THE REAL PROPERTY AND ADDRESS OF THE PARTY AND	The same of
11		1892	INTERNATION (IN)	1,007,641 70	60,418 50	1,039,541 50	1,007,641 70			
The state of the last	4.	189.1		VALUE OF SHARE AND	10 10 10 10 10 10 10 10 10 10 10 10 10 1	The said and	1,001,011 10			12 12 17

Cash on hand October 31, 1893, \$31,799.50.

sed upon your reduction of the public debt by a scaling process, to a maximum of even the large amount of \$12,000,000, which amount I have selected simply for the purpose of illustration.

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 set. The discussion 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, laid down by Adam Smith, which has been engrafted upon the fundamental laws of every civilized country, "that as nearly as possible in proportion to the interest orders so surrendered, issue to said | revenue they respectively onjoy under the protection of the State" is a truism univerly accented therefore, is most just and equitable, and least oppressive, which is so framed as to carry this proposition into actual operation. The constitution of this State evid intention of its framers to illustrate this principle in that acction which provides uniform and equal rate of assessment and taxation, and which declares that all property. real, personal or possessory, shall be subject

This system of taxation succeeded the sysem, or rather lack of system, of the feudal ages, when all property was hold as fiels 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 quots of troops was expected to infinish 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 olomon, laxes were levied upon houses and transit taxes and tariffs on the introduction of reign merchandise. So oppressive was the system of taxation then that it caused the ning to death of Adoram, who was "over the tribute" and the secossion of the ten In the Athenian republic no direct taxes

were levied upon real or personal estate, but revenue was derived from the sale of public land, fines and confiscations, and a capitation tax upon freedmen and foreigners, duties upon foreign commodities and merchandise. In Rome, under the republic, the spoils of

conquered nations and the annual tribute required of them, paid the expenses of the govrangent, but under the empire portions of the revenue 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 extravacant expenses of the monarch. To return from this digression as to the va-

rious methods of taxation of force at different periods of the history of the world, the system of taxation which now prevails is pre-ominently superior in that the burden is equal ized, each individual contributing his share of the expense of the State in proportion to the protection of life and property he enjoys unfor the laws of the State

It will be admitted by all that taxation is ecessary expense; it is also a desirable ex-"It can probably be demonstrated."

ans been said, "that there is no one act which can be performed by a community, which brings in so large a return to the credit of civilization and general happiness, as the in-

This table, as has been seen, has been | dicious expenditure for public purposes of a | ago. The taxes fall chiefly where they be fair percentage of the general wealth, raised by an equitable system of taxation. The fruits of such expenditure are general educa-tion, and general health, improved roads, di-

minished expenses of transportation, and se-curity 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 hoavens, dark as they may seem, dense as they may be have yet their golden edgo and silver lining. These clouds are the taxes of the earth to support the great economy of nature. They suck up the exhalations from myriad fields and idlisides; 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 che-nistry of the skies they return in fertilizing showers, they are dispensed in rivulots and rivers, to make the wilderness blossom as the rose, and the harvest fields

laugh with fatness." Even 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

of general prosperity.

But says some tax payer, "I admit the necessity 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 enormous rate since the palmy days ante bellum, and to a far greater extent than is necessary to meet the public requirements."

Let us enquire how far this tax payer's assortions are correct:

Under the anomalous system of taxation in vogue during the palmy days ante belhim," real estate hore 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 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 persons of color, paying a tax of \$3.00 per head, or \$29,742, making a total revenue from taxes upon slaves and free persons 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 pow-erful landed aristocracy; a man's title to rank and social position depended upon his princely acres. The greatest boast of the South Caro lina 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 ieneral 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 taxa-

tion 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 lear the expenses of the govrnment in its stead. Which is it? The ex perience of the civilized world answers that the true basis of taxation is real and personal 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 equitable system in South Carolina is the same as that experienced in the North a half century

long—upon real estate. The owner of real estate cannot afford to keep thousands of acres idle and unproductive merely to gray his personal vanity, and because he inherited them personal vanity, and because no 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 furms, and sell to those who can and will make them productive; and thus the masses of the people will become property holders; and thus the masses of the people will become property holders; wealth will become more prosperous; immigrants will come and settle amongst us and develop the vast resources of the State. Thus ouward the mark of civilines ward the march of civilization makes its way, and no cry by the large real estate owner

excessive taxation can stay its progress.

But aside from this view of the question there is another which I will now present. That the aggregate amount received from taxation since 1860 has greatly increased, is a fact which none will deny; but this is also true of the rational 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 ninth census:

States. Aggregate, Taxation, Increase in Average 1860. 1870. 10 years, an incre Tennessee, 1,102,793 8,881,579 Maryland, 2,158,895 6,922,900 Maryland, 2,158,895 6,922,900 Missouri, 4,109,653 13,908,498 General average annual increase Missouri, 4,109,059 10,005,450 2... General average annual increase, 20 6-10, 1860, 1870, S. Carolina, \$1,280,386 \$2,767,675 \$1.16

nual increase of taxation in those five States has been 20 6-10 per cent, in South Carolina i has been only 11 6-10 per cent. The aggregate taxation of the national govrument has increased from \$94,186,746, in

Thus it is seen that while the average an-

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

capita. \$16.84 11.09 8.75 8.49 4.88 3.92 Massachusetts, 1,457,651 New York, 4,382,779 taxation, \$24,922,900 48,550,308 28,726,548 780,894 1,321,011 705,606 6,632,542 5,730,115 2,767,675 The per capita taxation of the States, according to the ninth census, is \$7.27

The State of Nevada with a per capita taxation of \$19.40, and the State of Florida with per capita taxation of \$2.64, probably represent the extreme and mean of t The average per capila 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 conclu sively that the rate of taxation in this State s not excessive, and that the increase since 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 ave not been sufficient to prevent as annual

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 preented for your consideration, your deliberaions may be marked by an earnest and undivided purpose to advance the common interest of the people and the true welfare of the And to these ends I sincerely invoke upon

all your counsels the benign guidance of Omniscient Providence, FRANKIAN J. MOSES, JR.,

Governor of South Carolina