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SPEECH

OF

HON. M. I. SOUTHARD,

DELIVERED AT

Canal Dover, Ohio, August 7th, 1875.

[PRINTED BY ORDER DEMOCRATIC STATE EXECUTIVE COMMITTEE.]

MY FELLOW-CITIZENS: The two parties in Ohio have held their Conventions, put in nomination their candidates, and declared the principles of their political faith.

The election is for State officers, yet, in view of the approaching Presidential contest, it has a wider significance. The whole country is enlisted in the result—and National policies are naturally and properly brought under review.

More than fourteen years ago the Republican party took hold of the reins of the Government. Ever since it has held unlimited sway. Its advent to power was signalized by four years of desolating civil war. War implies force—begets arbitrary power and disregard of legal and unconstitutional restraints. I shall not, however, dwell upon the events of that dark period. They belong to the past, and are irrelevant to the present issues.

Ten years have elapsed since peace was proclaimed. What grand opportunities were then presented for true statesmanship! To repair the ravages of war; to eradicate the feelings of hostility; and to restore harmony, good will and fraternal relations; to reunite the people of the South with the interests, hopes and destinies of the common country—these were the high achievements held out to the Republican party, to inspire its patriotism,

and to guide and control its action. The results are before the country. While I would not detract one jot from the just laurels of the party, I would hold it responsible for its mistakes, follies and crimes. What evidences of capacity has it left upon record during these ten years of peace? The National debts stands in almost its original proportions; taxation weighs down with increased force upon the shoulders of the people; economy is banished from the public service; extravagance and corruption are everywhere prevalent; and business and trade are utterly paralyzed. Millions of treasure are squandered upon useless objects and millions more find their way into the pockets of thieving favorites of prominent officials. To have our country disgraced by the frauds of the Credit Mobilier, District of Columbia, Pacific Mail subsidy, and Postoffice, Custom-house, Whisky and Indian rings, has been reserved for recent years and Republican rule. Indian agents are fattening upon the public moneys. This they are doing while professing to evangelize the Indian. In fact, they are "stealing the livery of heaven to serve the devil in." The Indians get little of the beef and blankets designed for their use. The agents draw upon the Treasury for double the amount supplied and at twice the value.

1875

ADDITION, DIVISION AND SILENCE

The exact sum of these frauds can not be told. It can only be approximated in the annual increase in expenditures. In 1870 they amounted to \$3,295,729. Since 1870 they have averaged overseven millions annually, and for the year 1873-4 they reached \$6,692,462. Three millions it may be for honest outlay and three millions more for stealings. The estimate for the present fiscal year is \$7,500,000. There is no necessity for this large increase. We are at peace, and have been for years, with all the tribes. Their number have decreased, and the territory to be guarded is of less extent than in former years.

Like extravagance appears in other branches of the public service. In 1871 the navy cost \$19,431,027, and in 1874 it cost \$30,932,027; in 1871 the war expenditures were \$35,372,150, and in 1874, \$42,313,927; in 1871 the miscellaneous list amounted to \$60,481,916, and in 1874, to \$85,141,593; and the net ordinary expenditures in 1871 were \$157,583,827, and in 1874 they ran up to \$194,118,985. Such is the official exhibit of this party of pretended economy. How long will the people tolerate it? How long will they perpetuate its power?

But extravagant expenditure is not the only difficulty. Through the depression of business the revenues, in the meantime, have largely fallen off. Customs receipts have decreased from \$206,270,408, in 1871, to \$163,103,833, in 1874; and the internal revenue from \$143,098,152, in 1871, to \$102,409,784, in 1874. They have so far diminished that last year they were insufficient to defray the ordinary expenses of the Government. To meet this exigency, prudence would have dictated a curtailment of expenses. But a Republican Congress did not pursue this wise course. Instead of diminishing expenditures, it increased taxation. By the act of last winter it added to the taxes thirty millions a year. The labor and toil of the producing classes must supply the waste,

and the dance of extravagance must still go on. Parties never reform themselves, and the only relief for the people is a change in the Administration.

The reconstruction policy has proven worse than a failure. It has blighted the "sunny land of the South." A policy so inconsistent with the spirit of our free institutions—so repugnant to all those notions of right and liberty which so deeply pervade the American heart and mind—could not be expected to be productive of good. It has set vice and ignorance over intelligence and virtue, and by Federal dictation and military force, kept pampered pimps of party in authority, to harass, oppress and plunder the people. Such wholesale rapacity has never before been revealed in the history of any country. The valuation of property has diminished one-half, taxation increased four-fold, and the aggregate debt of the States enhanced more than two hundred millions of dollars. With a property valuation in 1860 of \$4,333,757,942 in the eleven Southern States, the total State taxation amounted to only \$8,165,486, while in 1870, with a valuation of but \$2,026,440,971, the State taxation amounted to \$12,813,615. And the county taxation, on the valuation of 1860, was \$3,115,184; whereas, in 1870 it reached the fabulous sum of \$14,298,630. These estimates appear from the minority report of the Committee on Southern Affairs made to the Forty-second Congress. What like example can be adduced of fraud and extortion? Under the name of taxation the property of the citizen has been subjected to absolute confiscation. The extortion of eighty millions from the inhabitants of Sicily by Verres, the Roman Proprietor, which consigned him to the shades of lasting infamy, pales in comparison with the enormity of this rapacity in the South.

These wrongs we propose to remedy by enforcing the wholesome and time-honored principles of local self-government. Confine the General Gov-

ernment within its prescribed constitutional limitations; take away the mailed hands of your Grants, your Williamses and your Sheridans, and the people of the South will see and seek their true interests in the practice of honesty, the cultivation of peace, and in building up their lost industries.

The financial policy has been full of evil, both in the management of the bonded debt and the currency. Capital has been aggrandized and labor oppressed. "Public credit" and "National honor" have been the catchwords of the Shylocks while they have mercilessly torn off the pound of flesh. The Democratic party never proposed to weaken that credit or tarnish that honor. It has insisted upon paying the public debt in accordance with the contract. No Government ever lost its credit or honor by doing this. To pay less than the bond stipulates is dishonest; to pay more is extortionate; and to pay in strict accordance with the letter is just, equitable and honorable. The express letter of the law made the five-twenty bonds redeemable in legal-tenders. I need not stop to elucidate this. You are all familiar with this truth. When that law was enacted, and these bonds issued, one contract was made and understood between the people and the bondholders. That contract was that those bonds should be sold for greenbacks and redeemed in greenbacks. The people carried out their part of the agreement. They sold the bonds for greenbacks, which were then depreciated one-half. But this done, the bondholder refused to comply with his part of the agreement. He insisted upon payment in gold. At his demand Congress passed the act of 1869, requiring payment in gold. A new contract was thus made by Congress, without the consent of the people, giving the bondholder twice what he had agreed to take. Who, therefore, violated the public faith? Who was the repudiator?

By issuing and selling these bonds

upon a depreciated currency basis, and afterward requiring payment in coin, millions have been added to the public debt, and every dollar thus improperly added to the amount is just so much slavery imposed upon the laboring and producing classes of the country.

To promote the prosperity of the people, a sound and sufficient medium of exchange is indispensable. This the Republican party has failed to furnish, and business is prostrate. It is now nearly two years since the beginning of the financial crisis. It still continues. Its heavy hand is upon all the industries—the manufactory, the workshop, and the field have lost their life and activity. The laborer and mechanic are out of employment, and many are reduced to penury and want even in a land possessed of all that is capable of sustaining and adorning life.

What measures of relief are proposed? The policy of the Republican party is to force resumption of specie payments through further contraction of the currency. It favors the retention of the National Bank notes, and the retirement and cancellation of all the legal-tenders. To this policy the party is clearly committed by the act to provide for the resumption of specie payments, approved on the 14th of January last. That act authorizes and requires the Secretary of the Treasury at once to begin retiring the legal-tenders, and to continue until the whole amount outstanding is reduced to three hundred millions; and that on and after the 1st day of January, 1879, he shall retire and cancel the remainder of the three hundred millions. For the eighty-two millions of legal-tenders first to be retired, so as to reduce the amount to three hundred millions, the Secretary is required to issue National Bank notes in their stead; but no such provision of law exists as to the remaining three hundred millions. This eventually takes out of existence the whole of the legal-tenders, and reduces the volume of currency

three hundred millions, unless the National Bank notes shall hereafter be extended to supply the deficiency. To provide the means for the retirement of the legal-tenders, the Secretary is authorized to issue five per cent. interest-bearing bonds. This increases the annual interest on the public debt twenty millions of dollars.

To this whole policy we stand opposed, believing it will result most disastrously to business. We say stop the further contraction of the currency, retire the National Bank notes and put legal-tenders in their stead—make them equal to the wants of trade, and bring about specie resumption gradually and through appreciation of the value of the currency “by promoting and not destroying the business interests of the people.”

To meet this plain, straight-forward, common-sense declaration of our platform, we hear but little denunciation. Our opponents are evidently mad and in a fair way for destruction on the second Tuesday of October.

“Financial lunacy,” “heresy,” “worthless rag-money,” “repudiation,” they cry. But no new doctrine has been proclaimed. Ever since the institution of the National Bank system we have steadily and uniformly opposed it as a useless and oppressive monopoly. Long ago we have expressed our unqualified preference for the legal-tenders over the National Bank notes. The Democratic National Convention of 1868 did this in the language of:—

“One currency for the Government and the people, the laborer and the office-holder the pensioner and the soldier, the producer and the bond holder.”

The Democratic State Convention of Ohio, in 1870, declared:

“That we are opposed to the system of National Banks, and demand the immediate repeal of the law creating them, and that in the place of the notes of such banks Treasury notes of the United States should be substituted.”

The declaration of the party last year was equally emphatic, yet the platform of 1875 alone is reserved

and singled out for special attack and denunciation. I would commend to our traducers a little less petulance, and a little more political honesty.

But the volume of currency! There stalks the spectre! “Equal to the wants of trade,” says the Democratic platform. Who will say it should be less? A few years ago this was not deemed “heresy” in the estimation of either party in Ohio. In 1868, when we had far more currency than to-day, the Ohio Republican Convention boldly proclaimed as a part of its faith:

“That we heartily approve of the policy of Congress in stopping the contraction of the currency, and we believe that the issue of the currency should be commensurate with the individual and commercial interests of the country.”

Democrats then took no issue on this question, believing, as they did, in the manifest wisdom of the declaration, and to-day they insist only upon the like reasonable demand that the currency shall be “equal to the wants of trade.” If this be “heresy” now, when did the Republicans learn it? In changing front since 1868, have they acted from reason and conviction, or are they simply dancing to the pipings of the money power?

But it is said this policy will inflate the currency and depreciate its value. There is no inflation in enough currency. More is not demanded. That much the people are entitled to have. The value may be appreciated without diminishing the quantity. The discount upon paper or premium upon gold is not graduated in strict accordance with the volume of the currency. It depends upon a multitude of other circumstances—political and commercial—such as the state of peace or war—the stability of the Nation and the condition of trade and commerce. In the first quarter of 1865, during the progress of the war, the premium on gold rose as high as \$2.34½, and in the second quarter of the same year, after the proclamation of peace, it fell as low as \$1.28½—the volume of currency remaining the same. And while

in time of peace the premium fell in 1865 to \$1.28 $\frac{3}{4}$, it rose in 1868 to \$1.50, notwithstanding the currency had been contracted, in the meantime, more than eight hundred millions of dollars. Since the passage of the Specie Resumption Act of last winter, the volume of currency has decreased some seventeen millions, yet the premium on gold has gone up from 12 to 17 per cent. The unfavorable state of exchange and high price of gold in England took place even before the suspension of specie payments, or any excess of the issue of bank notes. A mere increase of amount does not imply decrease of value.

Of course there must be reasonable limits. There is a medium in all things. That wise course we intend to pursue. The adjustment of the amount to these reasonable limits is left to such measures as the wisdom of the future may devise. Whether it shall be by an interchangeable bond, a gold reserve, or other method, and what shall be the exact character of these future issues, whether they shall be made redeemable at a specified time or by a specified fund, or whether they shall be exempt from taxation, and the like, I need not now stop to discuss.

The original or abstract question of the desirableness of a specie basis for the circulation is not presented in the present canvass. We are not combating that theory. The position of the Democracy does not imply that they have lost faith in a mixed currency of coin and paper with specie as a basis.

But the follies and crimes of Republican legislation and administrative policy have rendered such a basis impossible at the present time or near future, except through the ruin of all business. We are dealing with an abnormal state of affairs. Let it not be forgotten, that Republican financiering has given us a depreciated paper currency—a fabulous indebtedness, and has driven gold from our shores. It is to this diseased condition of the body politic that we are

called upon to administer. Physicians tell us it is good therapeutics to “sober up” gradually the patient who has been long intoxicated. So it is sound statesmanship to return gradually and with cautious steps to the specie standard after we have been long doing business upon an inflated currency.

A large paper currency is now an admitted necessity. And until gold can be both procured and kept by a revival of business, trade and commerce, that currency must rest upon credit as a basis. A National Treasury note meets the requirement. But our opponents say it is worthless “rag money.” What Democrat would have dared this stigma a few years ago? Straightway he would have been sent to Fort Warren or the Dry Tortugas for disloyalty. How comes it with Republicans now that to denounce the greenbacks as “rags” is the highest test of loyalty and financial wisdom? Is it true that the greenbacks are “worthless?” For thirteen years they have been good enough to purchase all the products of the farm, the shop and the manufactory, to pay the debts of individuals and the States, and the bounties and pensions of the soldiers and sailors who imperiled their lives for their country.

They are at a slight discount, to be sure. But why? Not because the people have not confidence in them, but because the Government itself dishonors them. It has prohibited their use in the payment of customs and interest upon the public debt. The English bank note is receivable for all public dues. It is not made thus receivable so much because it is at par with gold as that it is at par because so receivable. The greenbacks cost no annual interest to float them—and they rest for their security upon the credit of a great, wealthy and enduring nation. The same credit which gives value to the bonds and National Bank notes, gives value to greenbacks. Is credit to be regarded as nothing? Individuals and nations throughout the civilized world do and must transact business upon credit. Upon what

does the "specie basis" rest except credit? It is the chief corner-stone of that fabric. The coin in reserve is never equal to more than a small per cent. of the circulation. Thirty-three per cent. is a large average. It proceeds upon the theory that in the ordinary transaction of business not more than that amount of notes will be presented for redemption at any one time. The business, therefore, rests one-third upon specie and two-thirds upon credit. When financial revolutions come, and the holders of notes grow apprehensive, when credit is weakened or lost, there is a simultaneous call upon the banks for redemption, and the inevitable result is suspension of payment. When, during her wars, to stimulate enlistments, the English nation gave out that the fleets of the enemy were hovering in her waters, the alarm of the subjects did not induce them to flock to the standard as was expected—but to rush to the banks and convert their bills into specie. Immediate suspension followed. The great bullion bank of Amsterdam transacted business of over four billions a year, yet it never held at any one time over thirty five millions of coin. Its real basis was the credit of the city of Amsterdam. The bank was insolvent, and but for the credit of the city would have suspended forty years before it did. In 1857, and at all former times of financial embarrassment in the United States, the specie in the banks has been wholly inadequate to protect the note-holder. While credit is so important a factor of security on the "specie basis," it will not do to ignore its value as a basis for the greenback. Especially is this so when it comes in that highest type of the good faith and ability of a great nation like ours, representing forty millions of people and thirty billions of accumulated wealth. I see no good reason, therefore, why greenbacks should not be substituted for the National Bank notes, the present volume of which costs us twenty millions a year to float.

But I desire to call attention to another matter. Notably among the many misrepresentations of our opponents stands the denial of any contraction of the currency. Senator Sherman in his speech at Marion, Lawrence county, on the 31st of July, said:

"Sometimes it is said that the recent panic was caused by a want of currency. This is a great error. In September, 1873, when the panic commenced, the amount of United States notes outstanding was \$356,000,000, of fractional currency \$45,000,000, and the bank circulation \$339,000,000—in all \$740,000,000, or more than it had ever been before."

This statement we hear every day, and it is utterly fallacious. It is based upon the assumption that the United States notes, National Bank notes and fractional currency have constituted the whole volume of currency. The fact is, they embraced only a part. Other issues far greater in amount than the aggregate of the United States notes, National Bank notes and fractional currency, were in existence in 1865 at the close of the war.

The Secretary of the Treasury, in the Finance Report of 1867, pages 3 and 4, names the following amount of issues on the 31st day of August, '65: Temporary loans, \$107,148,713; certificates of indebtedness, \$85,093,000; five per cent. legal-tender notes, \$33,954,230; compound interest legal-tender notes, \$217,024,160; seven-thirty notes, \$830,000,000; United States notes (legal-tender), \$433,160,569; fractional currency, \$26,344,742—making \$1,732,725,414. To this must be added the National Bank notes at that time, \$131,452,000 and State bank notes at least \$100,000,000, giving a grand total of \$1,963,677,414, as the circulating medium, exclusive of specie. But it is claimed that these interest-bearing notes—the five per cent. compound interest and seven-thirties—were not used as currency. When Judge Bright, of Tennessee, had the floor in the discussion of this question in the House at the first session of last Congress, Mr. Townsend, of Pennsylvania, in-

terrupted him, and denied that these issues were used as currency, and asserted that they were held as investments. Whereupon, Mr. Maynard, of Tennessee, a Republican, and Chairman of the Committee on Banking and Currency, said :

"If my colleague will allow me, I will suggest to the gentleman from Pennsylvania (Mr Townsend) that those issues of which he speaks were engraved and prepared in a form to circulate as money ; and as a matter of fact they did so circulate until the interest accumulated so as to make them superior to the ordinary class of currency, and they formed part of the reserve of the National Banks."

Speaking of the seven-thirty notes, the Secretary of the Treasury, in his report for 1865, says :

"Many of the small denominations of which were in circulation as money, and all of which tend in some measure to swell the inflation "

And in speaking of the five per cent and compound interest notes, the Secretary, in his report for 1867, says :

"A very large portion of which were in circulation as money."

It is settled, therefore, beyond question, that these interest-bearing notes were used as currency, and they amounted to \$1,080,334,730—not one dollar of which did Senator Sherman include in his estimate.

In 1865, the policy of contraction was inaugurated. It was recommended by the Secretary of the Treasury, sanctioned by Congress, and immediately put into execution. In the Finance Report of 1867, the Secretary gives a summary of two years' operations as follows :

"Since the first day of September, 1865, the temporary loans, the certificates of indebtedness, and the five per cent. notes have all been paid (with the exception of small amounts of each not presented for payment). Compound interest notes have been reduced from \$217,024,160 to \$71,875,000 (\$11,560,000 having been taken up with three per cent certificates); the seven and three-tenth notes from \$830,000,000 to \$337,978,800; the United States notes, including fractional currency, from \$459,505,311.51 to \$387,871,477.39, and the funded debt has been increased \$686,584,800."

Here we witness a contraction in two years of \$686,000,000. Under its influence business grew sensitive. Congress became alarmed, and on the 4th day of February, 1868, passed an act prohibiting further contraction of the currency.

Still the policy was pursued. In his annual message of December, 1873, the President says :

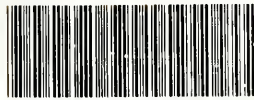
"During the last four years the currency has been contracted directly, by the withdrawal of three per cent. certificates, compound interest notes, and seven-thirty bonds outstanding on the 4th of March, 1869, all of which took the place of legal-tenders in the bank reserves, to the extent of \$63,000,000."

Such is the evidence of the steps of contraction. To determine the full extent to which it has been carried, we must ascertain the amount of currency we now have. The Comptroller of the Currency, in the Finance Report of 1874, pages 148 and 149, shows that on the 1st day of November, 1874, there were outstanding of National Bank notes, \$348,791,152 ; legal-tenders, \$382,000,000; fractional currency, \$48,151,024, making in all \$778,942,176 ; and the Secretary of the Treasury, in the same report, pages 36 and 37, gives the amount of the temporary loans, \$78,560 ; certificates of indebtedness, \$5,000 ; compound interest notes, \$415,210. seven-thirty notes \$228,450, which aggregate only \$727,220. This added to the \$778,942,176, makes \$779,669,396 as the total paper circulating medium of every character whatsoever. But of this sum, as appears by the Finance Report of 1874, page 135, \$104,528,003 is required to be held in legal-tenders as reserves in National Banks.

What, then, is the summary ?

On the 31st of August, 1865.....	\$1,063,677,414
On the 1st of November, 1874.....	779,669,396
Amount of contraction.....	\$1,184,008,018
Total paper circulation November 1, 1874.....	\$779,669,396
Deduct legal tender reserves.....	104,528,003
Present available circulation.....	\$675,141,393

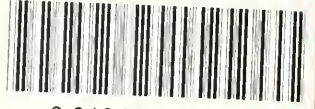
With all this accumulation of evidence from the highest official sources



—from the declarations and exhibits of President, Secretary of the Treasury and Comptroller of the Currency, is it not remarkable audacity to deny the fact and to assail the Democratic party of Ohio for asserting in their platform that there had been a contraction of the currency? That contraction is most clearly established. With its consequences you are all familiar in the blighting and blasting of your industries. However much men may differ as to the desirableness of a specie basis, there should be but one opinion as to the injustice and ruin of the financial policy which has obtained for the last ten years. A rapid transition from paper to gold—fluctuation in the circulation—must of necessity unsettle business and lead to bankruptcy. All history teaches this. Apprehensions of such calamity were entertained when the policy of contraction began, and the Secretary of the Treasury in 1867 congratulated the country upon the fact that while six hundred and eighty-six millions had been taken up and retired, there had been “no commercial crisis,” and “no considerable financial embarrassment.” But that period of supposed security and prosperity was delusive—it was the calm which preceded the storm of 1873. Faith and

credit bridged over the intervening period, but the fatal elements had been summoned, and at last burst forth in all their fury, sweeping away the fortunes of thousands of men and spreading disaster throughout the country. With all the uses of money extended, with thousands of miles of additional railroads, with a National debt of over two billions, with other indebtedness—State, county, municipal, corporate and individual—of some seven billions more, with unlimited territory, with over forty millions of population, with ten billions of annual exchangeable products, and with all business adjusted to the gauge of nearly two thousand millions of circulation, we have been forced by a single step and almost instantaneously to a limit of available circulation of less than seven hundred millions. Depreciation of values, loss, and suffering, must inevitably be entailed by such a course, and we should not think it strange that all our channels of trade are stagnant. Stop this further contraction, and give us once more local government in the States, honesty and economy in the public service, and a conservative financial policy, with currency sufficient for the wants of business, and we shall again attain peace, prosperity and plenty.

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