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THE SILVER QUESTION.

VI. The Right and Wrong of it.

We are arriving at the close of a series of papers on the use and disuse of silver as money. If we have been successful in establishing our own conviction in the minds of our readers, we have made out the position that the demonetization of that metal was an ill-judged measure, adopted without the concurrence of the American people or even of any considerable number of American legislators, that its adoption has been disastrous to us, and that further adhesion to it would be utterly ruinous. But we are met by objectors with the question "would remonetization be just?" And those who ask this question hurry to anticipate our answer by deciding it promptly and eagerly in the negative.

We acknowledge freely our obligation to answer that question and to answer it completely with a thorough consideration of all the demurrers propounded. If the adhesion to the single gold standard could in any way be shown to be even more injurious to the people than we have made it to be, still we should adhere to the principle that a great nation can afford anything rather than to act unjustly, and should inflexibly oppose any proposal calculated to wrong the public creditor. Should the nation through its agents be found to have made a bad bargain, we should still say let us carry out our stipulations at whatever sacrifice. We should insist upon the same rule for the creditor, however, as that to which we bind ourselves, as debtors. If they have made a bad bargain, we refuse them the right to recede from it. One other preliminary is essential before we enter upon our argument. An act passed by the legislature, known to be legally repealable at a future session of that legislature, is no contract with any one unless that act authorizes an executive officer to make a contract with either States or individuals, and unless such contract is made in due form by the officer so designated. This position is so self-evident, at least apparently so, that we should have thought it unnecessary and even frivolous to state it, if we had not seen many an argument grounded on the assumption that whereas the coinage of silver, except in certain specific forms, was forbidden in 1873, and value as a legal tender was formally withdrawn from it in 1874, a contract of some sort was thereby made with the public creditor in view of which he would be defrauded if ever silver should thereafter be tendered him in payment of his claims. Successive acts of Congress in reference to our present national debt will clearly illustrate this distinction. From the first year of the war to 1869 the national debt was payable in the same currency as that in which it was contracted, viz., in the national paper. Greenbacks were loaned and greenbacks were payable in liquidation. In 1869 a declaratory act of Congress was passed which affirmed that the debt was payable in *coin* alone. Still no new contract was made with the public creditor; so long as that act was in force Congress could not authorize settlement with him except in coin, but any future Congress could rescind that declaration without breach of contract. But, July 14, 1870, the Secretary of the Treasury was authorized to issue bonds payable in coin only which any bondholder might receive in exchange for those he held. This was the celebrated commutation of 5.20 bonds into 10.40 bonds, it was in our judgment a wrong perpetrated upon the taxpayers in favor of the bondholders, but, as soon as the new bonds were issued and received in exchange for the old bonds, it became a contract, irreversible except with the consent of the holder. It was an unjust contract, we repeat, but it was made by the people's authorized agents, the Senators and Representatives in Congress and the designated executive officer, and we must abide by it. But now in 1873-4 comes the silver question. By acts passed in those years, silver ceased to be a legal tender for any debts private or public; but this made no new contract with the national creditor, it was simply legislation which could be repealed by the same authority which had enacted it. No new bonds were issued in which *gold coin* was the stipulated mode of payment instead of *coin* generally as before, and if Mr. Sherman has since issued such he has violated the very laws under which he was acting; consequently, though, so long as those acts are in force the bondholder is payable in gold only, still, should they be repealed, as we earnestly hope they will be shortly, he can only claim payment on the terms of the original contract; and that is payment in gold or silver at the option of the nation which is his debtor. Thus much to sweep away preliminary misconception. We have now to establish our principle that the bonds issued under the law of 1870 were in truth payable in gold or silver at the option of the government; for even this has been disputed, as anything will be disputed, by men who have dollars and cents depending on it.

The act of July 14, 1870, which authorized the issuance of the 10.40 bonds (by which alone the bonds of the nation became payable in coin at all), was preceded by a declaratory act (18 Mar. 1869) on which the act of 1870 was avowedly based. The declaratory act of 1869 in fact bore the same relation to the enabling act of 1870 as Mr. Stanley Mathews' declaratory act bears to Mr. Bland's silver bill now before Congress. To make it quite certain that when in these two measures coin is spoken of it means both gold and silver coin we here give the first clause of the act of 1869.

> The faith of the United States is solemnly pledged to the payment in coin or its equivalent of all the obligations of the United States not bearing interest known as United States notes, and of all the interest bearing obligations of the United States, except in cases where the law authorizing the issue of any such obligations has expressly provided that the same may be paid in lawful money, or other currency than gold and silver.

Here then are two classes of national obligations recognized, and only two; one class payable in coin, and the other in "other currency than gold and silver." How can the inference be escaped that the coin in which the first are payable is both gold and silver? So obvious does this in erence seem to us that it has been a matter of surprise to us that none of the advocates of remonetization have grounded their arguments upon the text of this declaratory bill, but have preferred to argue by inference from the words of the act of 1870. Not but what the argument from the words of the latter bill was equally conclusive, only in the former case it was more direct. From the act of 1870 men have argued, and logically too, as follows: By that act the bonds were made payable in "coin of the standard now in force in the United States." Opponents of remonetization have argued most strangely that as there was no silver in circulation in July, 1870, this must have meant gold coin. The truth is that there was neither gold nor silver in circulation at that time but there was gold and silver coin in the treasury and in the hands of individuals who had hoarded them, both equally a legal tender for all amounts and neither of them possessing a single quality in virtue of which one could be called money to the exclusion of the other. Among the coin then of the standard in force in the United States in 1870 was the silver dollar weighing 412½ grs., being nine-tenths silver and one tenth alloy. The words of the act and especially the words of the declaratory act of 1869 can be in no way logically interpreted so as to exclude that coin from its claim to be received in liquidation of those bonds. But it has been said that, even if legal according to contract, the payment of the national debt in silver is not equitable. It is affirmed in the creditor interest that an unexpected depression in the relative value of silver compared with gold has taken place and that this change renders it unfair to settle with them in the depreciated metal. Our answer is brief and ought not to be needed at all, the terms of the contract entered into by both parties with their eyes open ought to be conclusive. But we will give the obvious reply. All contracts of debit and credit are entered into with the knowledge that all mediums of exchange are fluctuating in their value, and debtor and creditor take the risks of this fluctuation, whichever way it may tell. No medium of exchange we repeat is absolutely fixed in value, whether it be gold or silver, hides, tobacco or cowry shells. Gold and silver are nearer permanent than any other, but they too have always had their fluctuations, and all contracts are made under the known risk of these fluctuations. These have been inconsiderable under the double standard and would have been so to this day but for the insane panic which led to demonetization. Now the creditor party are the great advocates of silver demonetization, and no wonder for it is their interest in two ways; it gives them the choice of the medium in which they shall be paid, and moreover it forces up the value of the metal they select, which is gold, by increasing the demand for it as the solitary standard of value. The remedy of the debtor class is plainly the insisting on the original terms of the contract which gave them the choice, and this they are going to do, however loud their protests against it, and the advantage to the debtors in silver payments is not greater than that to the creditors in gold payments, for if the papers we are now closing have any force at all, if the present unprecedented state of the money market means anything at all, gold has since 1873 appreciated fully as much as silver has depreciated, if not more. In Europe all monetary legislation is made in the interest of the creditor class, those who have accumulated capital. Thus we saw that whether gold gained on silver in value or the reverse, the cheaper metal was demonetized, which made it still cheaper and the other still dearer, aggravating the anticipated inconvenience instead of curing it. But this gave a large bonus to the creditor class and that class in Europe is in possession of the governments. Down to the present date, the same has been the case in this country, the people, who are the debtor class, have been in possession of the ballot box and so nominally in possession of the government, but the creditor class, the capitalists have always been in possession of the lobby, and the lobby has in these United States always hitherto been stronger than the people. The last struggle between the two is now going on and these money questions are the disputed topic. If the lobby now gains and the people lose, the struggle is over, the republic is sold to the money changers in the temple.

THE END OF THE GENERAL ASSEMBLY.

The second extra session of the 40th General Assembly terminated by adjournment *sine die* on Friday, the 28th ult. Had it been known how it would terminate it would have been much better that no extra session were held. Enough that the liberal compromises offered by the creditors of the State failed of acceptance, and the State debt remains where it was before the present Assembly was elected, a matter for the people to consider. It would be a dreary and unprofitable task to record the circumstances which led to the election of an Assembly capable of such shameful trifling with the honor and credit of the State. It is well known that during the canvass only one side of the question was heard; the advocates of State delinquency, prior to that a contemptible minority, traversed the State openmouthed with their clamor against the creditors, and the leading politicians, the men looked to for counsel by the people, the men who had avowed and still avow their conviction that repudiation is ruin as well as disgrace, on this head were silent as the grave. Other matters (of admitted importance) were occupying their thoughts, the Presidential election, the choice of a Senator, and any whisper of an opinion on State affairs except the parrot cry of "low tax," was shrunk from as a pestilence, for fear it should operate unfavorably to somebody's aspirations. An Assembly so elected could not well be expected to do better than it has done, and but for two or three personal matters we should spare our readers the details of the process by which the good man of Tennessee has been dragged through the dirt. Two of these matters are the speeches of Messrs. C. G. Smith and R. P. Frierson. These two gentlemen stood shoulder to shoulder in the struggle for an honorable settlement of the State debt. The speech of Judge Smith occupies a large portion of our editorial columns this week, and they have never been better occupied. Any elaborate eulogy of it on our part would be supefluous and pass for officious puffing, where none was needed. Our readers will read it attentively and will not lose one point of its incontrovertible arrangement.

Mr. Frierson's speech will be given next week, and speaks for itself.

The next gentleman whose course we have to speak about is Mr. Garner, the Senator for this county with Stewart and Robertson. We allude to his course with profound mortification and humiliation, for, from the relations which he bears to this and Stewart county, his course will be taken by many as the action of those two counties as well as Robertson, in which he himself lives. To those who look beyond the surface the honorable position taken by Messrs. Smith and Brandon in behalf of Montgomery and Stewart will remove this impression, but many will not look beyond the surface and will only see that the chosen Senator of the three counties was the author of the one act which defeated the acceptance of the offer of our creditors to cancel the debt for half the face of it. The part taken in the matter by Mr. Garner was as follows: A bill had passed the House of Legislature to close with the compromise proposed by the creditors at half the face of the bonds, with six per cent. interest, the coupons to be receivable as taxes; this measure had passed in all its provisions in the House and was on its second reading before the Senate when Mr. Garner offered an amendment to strike out the clause making the coupons receivable for taxes; this of course killed the bill; the bondholders could scarcely be expected to give hundred dollar bonds for fifty dollar bonds without any additional security for interest or capital. The Senate passed the amendment by one majority and then, the House not concurring in it, the bill was lost.

This was no unexpected termination to the business, but Mr. Garner was not the man who should have killed the compromise. Those who heard his vociferous, we might say furious protestations, in our Court House a year and a half ago against a dollar's delinquency in paying the debt, would have supposed that any one rather than he was to be the murderer of the bill. We are not informed whether Mr. Garfield proposes to prosecute a political career in the future, his erratic course in this his first essay would not seem to indicate the qualities that promise success in such a purpose; but however this may be, we once for all warn him not to base his expectations upon the future suffrage of Montgomery and Stewart counties. We doubt very much the acceptability of his course with the citizens of Robertson; outside of Robertson he is certainly dead as a political aspirant. And now we have another campaign in Tennessee with the State debt as an element of conflict.

SPEECH OF HON. C. G. SMITH.

Delivered in the General Assembly December 18, 1877.

The House being in Committee of the Whole, and having under consideration the compromise of the State debt, Mr. Smith said:

MR. CHAIRMAN: I am disinclined at any time to discuss any question either here or elsewhere unless there is some necessity for so doing, and I regret more than usual to do so now, because there seems to be an indisposition on the part of a portion of the House to continue the Committee of the Whole for the purpose of hearing further discussion. I deem it my duty to say that I was one of those who favored breaking up the Committee of the Whole, because I believed we ought to address ourselves to the business this General Assembly was convened in extraordinary session to transact. But whereas so much has been said on the question under consideration, and because the question has been so long continued, and has taken such wide range, and so much has been urged in opposition to the acceptance of the terms of settlement of our indebtedness, I thought it was perhaps my duty—one that I owed to those who have honored me with their confidence by sending me here—to at least give expression to the sentiments I entertain on this, which I regard, the most important question the Legislature of Tennessee has ever been called on to decide. I shall therefore address myself to the question as a matter of duty and not as a matter of pleasure. I shall, Mr. Chairman, so far as I am able, speak of this question in no party sense whatever; no political opinions, no party questions are involved in the question before this House. I would deem myself unworthy of a place upon this floor if I could view it from a party stand-point or base my action upon the future success or probable future prosperity of any political party. I speak as a representative of a portion of the people of Tennessee, proud of my native State and her history, made illustrious in the past by the heroism and statesmanship of her great men, and address myself to Tennesseans who have a common interest with me in its future, whether that future be for good or evil. Whatever may be its destiny will certainly be mine. Born within its limits I have rarely been beyond the borders of the State, and whatever I can do to promote its prosperity and advance the interests of the people shall be faithfully performed. Let me, then, call upon members to raise themselves above questions of party or party prejudice—above the dust and smoke of party—to a more elevated plane, and look down upon this question with but one purpose and with an eye single to the best interests of the people of the State. I would dislike to believe that there is a man here for the purpose of serving his own individual interests, but I take it for granted that all desire to do that which will most promote the general good, and, whatever we may adopt as a settlement of this question, will faithfully endeavor to have it ratified by the people.

It has been stated that the bonds long since issued by the State, and for which it has received value, are not binding obligations against it; that the Legislature never had authority to create a debt by issuing bonds. I lay it down as a correct proposition, and it is so plain a principle that I will not trouble myself to produce an authority to sustain it, that the Legislature of this State can do anything; that it can do all things in reference to the affairs of the State which are not prohibited by the Constitution of the State or of the United States. The Legislature is omnipotent in reference to all things within the State except those prohibited by the Constitution. The statement that such is not the case and that the Legislature never had authority to issue its bonds is like the denial of an axiom and can need no proof to overthrow it. The gentleman from Warren (Mr. Savage) is the only member on this floor, so far as I have been able to learn, who denies the legal existence and validity of our bonded indebtedness. There being no question as to the legality of the debt, then what shall we do with it? Owing the debt as we do I hold that it is our *duty* to settle it. I am one of those who believe that we ought to have provided for the payment of the whole debt because we owed it, had received value for it and are able to pay it. But our creditors generously offered to receive sixty cents on the dollar for their bonds, and now they have made a more liberal offer still, to take fifty cents on the dollar and to take other bonds in their place, bearing six per cent. interest, the coupons on these new compromise bonds to be made receivable for all taxes and dues to the State. The creditors having voluntarily made the offer to compromise and transmitted their proposition to us through the Governor, I feel that the State can honorably accept it and that it is our duty to do so. We owe about twenty-three millions of dollars, in round numbers, and we now have an opportunity to pay it all for one-half that sum, and in the same sort of bonds now held by the creditors, except that the coupons are to be receivable for taxes and all dues to the State. It is objected by some that the coupons are to be so receivable. I can see no objection to that feature of the compromise if we intend to pay the debt. It is scarcely probable that the bondholders would be willing to give up their bonds, which call for par and bear interest at six per cent. for one-half their present face value, with no greater security. It does not look reasonable to expect it, and it is not just to require or demand it. But it has been argued that the Constitution does not authorize the making of these coupons receivable for taxes; that such a provision would be an abridgment of the rights of the citizens of the State and therefore obnoxious to the Constitution. I hold the very reverse, and insist that this Legislature has the legal and constitutional right to make the coupons receivable for taxes.

Mr. Collier—Will you vote for the Frierson bill?

Mr. Smith—Most unquestionably. If the State holds a claim or debt against a citizen and the citizen holds the bonds of the State and cuts from the bonds coupons which are due and offers them to the State in payment of what he may owe, is it not right for the State to receive the coupons as a payment? Is it not the duty of the State to enact such a law? Does not fair dealing and common honesty require that we should provide that when the tax collector calls upon the holder of our coupons for his taxes that he shall have the right to discharge his taxes with the obligations which he holds against the State? If he should owe more than the amount of his coupons, of course he must pay such excess. Is not this right? Is it not honest? If I go to the gentleman from the county of Lincoln (Mr. Tolley), who sits from me, and he should present my note for payment for $1,000 and I should happen to have his note for $500, does anyone say that he ought not to receive his note for $500 in part payment of what I owe him? Or shall I be made to pay him the whole amount of my note and be forced to retain the note I hold against him? If that would not be right neither would it be just to require a creditor of the State to pay a debt due to it while he holds a just claim against it. If I am right about this then there can certainly be nothing wrong or unreasonable in making the coupons on the bonds of the State receivable for taxes. That the Legislature has the undoubted right to make them so receivable is unquestionable; the Legislaiure can make anything receivable for taxes. I am told that in Virginia at one time tobacco was made receivable for taxes, and in Maryland some other farm product was made receivable in discharge of all taxes to that State. In Tennessee the scalps of wolves, wild cats and red foxes are made receivable for taxes, and if they can be made a legal tender for taxes why may not our own coupons or bonds?

Mr. Wilson—Would you hold to the position that it would be competent and good policy for the Legislature to say that fox skins and wolf scalps should be forever received for taxes and never change it?

Mr. Colyar—I want to call your attention to what is the difficulty with me. The point is this: Whether or not it is the theory of our government for the Legislature for every two years, under the pecuniary condition of the country, to fix the tax for the next two years, determine what is and what is not the ability of the people to pay? Is it not abridging the right of the people to fix it for thirty years?

Mr. Smith—I am prepared to answer the question. The gentleman from Davidson (Mr. Colyar) yields the point made by the gentleman from Sumner (Mr. Wilson).

Mr. Colyar—I beg pardon. The gentleman from Sumner puts it as a question of policy and I as a question of necessity.

Mr. Smith—I suppose the Legislature enacted the law making wolf scalps, fox skins, etc., receivable for taxes from wise motives of public policy—for the purpose of making it an object on the part of the people to destroy those animals, because they are destructive to other productions of the State. As a matter of public policy the law was a wise one. It was passed in 1811 and has been the law ever since, and has met the approval of the people for nearly three-quarters of a century. I would never change the law until the necessity for a change appeared to be required by the changed condition of the country; and never until the object of the law had been accomplished.

It is not abridging the rights of the people to settle their great debt of twenty-three millions of dollars by accepting a release of half the amount from our creditors and giving them other bonds for the balance, having thirty years to mature, and making the coupons receivable for taxes. It is public policy to settle the debt now, and upon the basis proposed, and in a manner that cannot be revoked. We can under the constitution make the bonds and coupons express on their face that they shall be receivable for all taxes and dues to the State, so that no future Legislature can recall or revoke such action. For that reason I say it is public policy to settle the debt now, because it will restore quiet to the country and confidence in our commercial interests from one end of the State to the other. It will give us credit abroad. Immigration will flow into our State and our people will see the beneficial effects of such a policy, in less than a year after such settlement is made. In support of my position that we have the constitutional right to pass such a law in making a settlement of this question so as to make our action irrevocable, I refer to the case of Furman vs. Nichol, in the 8th vol. of Wallace's United States Supreme Court reports, which is well known to the legal profession everywhere. In 1838 the Legislature of Tennessee chartered a bank, enacting as follows:

> A bank shall, and is hereby established, in the *name and for the benefit of the State*, to be known under the name and style of "The Bank of Tennessee," and the *faith and credit* of the State are hereby *pledged* for the support of said bank.

The capital of the bank, which was five millions, consisted chiefly of the school fund of the State and of surplus revenue of the Federal government. The deficiency was to be made up by funds raised on the faith of the State.

The twelfth section of the charter contained this important provision:

> That the bills or notes of said corporation originally made payable, or which shall have become payable on demand in gold or silver coin, and shall be receivable at the treasury of this State, *and by all tax-collectors and other public officers in all payments for taxes, and other moneys due to the State.*

The people of the State thought they had the right to pay their taxes in the notes of this Bank. They, after the war, were denied that right and this case was taken by appeal from the Supreme court of Tennessee to the Supreme court of the United States, to test the question. It was decided in December 1868, Judge David Davis delivering the opinion of the court. There was no dissenting opinion by any of the Judges.

It was insisted on the trial, that the 12th section of the Bank charter had been repealed by implication by section 603 of the Code of 1858, but the court held that the enacting said 12th section and the issuance of bank notes thereafter while that section was in force, made a contract between all persons holding such notes of the Bank and the State, that they would be received for taxes and other dues to the State—that the guaranty was not a personal one, but attached to the note, was part of it, as much so as if written on the back of it; goes with the note everywhere, and invites every one who has taxes to pay to take it; and that only such notes as were issued after the repeal of the 12th section, could not be received for taxes. It is clear from this decision, which is the highest judicial authority in this country, that the Legislature has not only the right to make the coupons and bonds themselves receivable for taxes, but such laws would be irrevocable by any future Legislature so far as all those who might accept the terms of the law before its repeal are concerned. As to those who might fund their bonds for new bonds at fifty cents, with coupons receivable for taxes, there would be a contract between them and the State from the moment of such settlement, and no law could thereafter be enacted to interfere with their rights under such contract. It would be a finality as to them, and a final settlement of this question is, above all things, most desirable.

Having shown that it is our duty to make this settlement on the terms proposed by our creditors, I propose to show that we ought to do so even as a matter of *interest*, which is placing it on the lowest plane upon which it could rest. I say it is to our *interest* that the creditors' proposition should be accepted. As already stated our bonded indebtedness, according to the Comptroller's report, amounts to about twenty-three millions of dollars. These bonds bear six per cent. interest. By accepting the offer of settlement we cut the debt half in two and have left only about eleven and one-half millions to be provided for. We could at least retain a show of honesty and not utterly destroy the credit and character of our people. That we can provide for the payment of this balance without feeling it does not admit of argument. We have a population of nearly, if not quite, one and a half millions. The value of the taxable property of the State, according to the report of the Comptroller, under our present assessment law amounts to two hundred and thirty-six millions of dollars. The Comptroller estimates that a tax of four mills will pay the expenses of the State government and meet the interest on the compromise bonds. That is a very small tax, one easily paid, and then it would not militate with the views of our Democratic brethren, who feel bound by the platform which pledges them not to vote for a greater tax than four mills. I act with the Democratic party as at present organized and to a certain and, I hope, proper extent acknowledge allegiance to it, but I owe to my State and the great interests of the people an allegiance higher than any that party can impose. I should deem myself recreant to the interests of those who sent me here if I should hesitate for one moment in accepting this most liberal offer, which in reality gives to the people of Tennessee eleven and one-half millions of dollars. It is the duty of this Legislature to meet this question squarely and meet it just according to the bill presented by the gentleman from Bedford (Mr. Frierson), which embodies the compromise offered by our creditors. We cannot afford to leave this capitol without providing for the settlement of this question. I say to the members of this General Assembly, go home if you can and tell your people that you voted it down, that you refused a gift, if you please, offered to them of eleven and one-half millions of dollars, to be credited upon their indebtedness, and you will witness disappointment in the countenance of every good man. The day will come, just as certain as I stand here to-day, when you will regret it. I call upon members to remember this prediction. In the future, when some of you will be candidates for office, I expect you to call on me and those with whom I act on this question for certificates showing that you never did oppose this compromise. Just a few days ago the House will remember that while the gentleman from DeKalb (Mr. Ford) was addressing this committee, the gentleman from Giles (Mr. Taliaferro) asked him if he was not a member of the General Assembly of 1859, when the issue of about ten millions of these bonds was authorized, and if he raised his voice against it; and what did my amiable friend say? He did that which I venture he would not do in his private affairs. He pleaded *infancy* by saying he was then a young man. If he had a son who would plead infancy to his contracts I doubt not he would disown him. I know he does not teach that kind of morals at home. For whatever I may do here I shall expect my constituents to hold me responsible, and I shall never interpose any other plea than that I acted from a conviction of duty and for what I believed to be their best interests. If I owed an individual $23,000, and he were to propose to receive in full discharge of it half that sum, I should regard him as a benefactor, as my best friend. I could only thank him. Would I not have reason to be obliged to him rather than to denounce him and ask him to give me still more? And that which is applicable to an individual is applicable to a State. Will you pay the debt? Will you compromise it? Remember that to refuse payment does not discharge the debt. This question will have to be met and settled hereafter if we fail to settle it. It will be involved in the next canvass, and the people will have to elect representatives instructed either to accept or reject this fifty cents, six per cent. proposition. That will be *the question* of the next canvass if we leave the capitol without adjusting the matter. This debt will have to be paid sooner or later. If not compromised it will hereafter be paid in full. As I have said, a refusal to pay does not discharge us from liability, and our people will never *repudiate* the debt of the State. It has been boastingly stated that *the people* will take this matter in hand and that they must settle this question. For one I do not fear the people of Tennessee. Sir, I was born among and rocked in the very lap of the people, and I know them well and have studied their character, and, if I have not entirely mistaken that character, their intelligence and their patriotism, they will never consent that the high standard of Tennessee shall be lowered or that its good name, made illustrious by such men as Jackson, Polk, Grundy, Johnson and others, shall be dishonored by the foul blot which repudiation would bring upon it. He who places his hope for future honors on that foundation will find himself greatly mistaken.

It has been well known that I was in favor of paying the whole debt, because I believed it was an honest, valid and subsisting obligation against the State; but when the creditors proposed to receive sixty cents I was in favor of accepting their offer, and since they have now lowered their offer to fifty cents I am in favor of that. I never will vote to force our creditors to receive any sum; I will never vote for any bill which would be an offer from the State to its creditors. We can receive, but not make propositions to them.

Mr. Tolley—Would the bondholders have lowered their proposition except by compulsion?

Mr. Smith—I have no idea they would have changed their proposition from sixty to fifty cents if they had not believed there was no hope of the Legislature accepting sixty cents. They, I presume, are business men, and men of sense, and saw the improbability of a settlement at sixty and, preferring to have the matter settled at fifty cents, they made the change in their offer. I presume that such is the fact. I know no more about the facts than the gentleman himself, but I presume the facts are about that way.

If the bond-holders should make any other proposition I should give it the same respectful consideration that I have given the one under consideration. If they should propose to take forty cents I would accept their offer; but their proposition is to my mind as reasonable as anyone could ask or desire.

The gentleman from Shelby (Mr. Peters) in a speech delivered in this House a few days ago says his county is in a terrible condition; that the people of that section of the State are in great financial distress, and drew a picture of their condition which gave me, for a time, sincere trouble. I was very much perplexed and supposed that that once prosperous county and that formerly wealthy city of Memphis were about ready to be counted among the things that were. The gentleman insisted that his people were in no condition to pay anything like six per cent. on fifty cents of our debt. Four per cent., I believe, is his rate on fifty cents. Well, I could not forget our last winter session when that gentleman and, I believe, every one of the Memphis and Shelby delegation came to me one afternoon and told me that as I was a member of the Finance Committee they wished me to go up from my hotel to the capitol and meet with that committee to consider a matter in which Memphis was deeply interested. I at last concluded to go, because I really was personally strongly attached to those gentlemen, and was anxious to do anything I could for them. So I went through the snow, and when I got there I found they had a memorial from the merchants and business men of Memphis, transmitted to the Legislature through their Chamber of Commerce, asking the Legislature not to repeal the *ten per cent.* interest law. They even had with them an especial friend of mine, now a merchant at Memphis, to electioneer with me to vote against the repeal of that law. I told them they could not afford to pay ten per cent. interest; that they could not only not afford to pay that interest, but that they did not have any money to lend. They said that their people had plenty of money, and that they could lend it out at *ten per cent.*, and that their people could afford to pay it. I told them that I had a difficulty about understanding all those things because of the fact that I knew of a bill which was introduced into the Legislature, and was pending at that time, to repeal the charter of the city of Memphis and turn it out in the woods. I also reminded them that their Mayor was then in Nashville, and that the city of Memphis then had a bill before the Legislature, which was afterwards passed, asking permission of the Legislature to compromise the bonded debt of Memphis, amounting to about six millions of dollars, by issuing to the holders of their bonds other bonds at the rate of fifty cents to the dollar with *six per cent. interest coupons, the coupons to be receivable for all taxes and dues to the city of Memphis.* Their bill was almost exactly the same as the bill known as the Frierson bill to settle the State debt. They assured me those things were all right, and that they wanted to settle their great bonded debt, and could do so no other way. So I voted *against repealing the ten per cent. law*, and also for the act allowing the city of Memphis to compromise on the very terms that our creditors now offer the State; but now the gentleman says that the people of Tennessee cannot pay six per cent. on half their indebtedness. He and his people wished a law to authorize them to lend money at ten per cent., but when they come to act for the State they say they will give only four per cent. They make their own bonds bear interest at six per cent. and the coupons receivable for taxes. If I had known they were in as bad a fix as they now say, I do not think I could have voted with them; but I am not satisfied that Memphis is as badly off as the gentleman seems to think. Certainly he can have no official data upon which he reaches such conclusions. I like Memphis and am partial towards its people, because I was born in West Tennessee and I know the Memphis people are worthy of my good opinion, and for these reasons I have put myself, as the friend to Memphis, to the trouble to hunt for some facts. I hold in my hand the "Twelfth Annual Statement of Trade, Commerce, Manufactures, Railroad and other interests of the city of Memphis for the year ending January 1, 1875," published by the Chamber of Commerce, in which, on the ninth page, I find this statement:

> It is with no ordinary pleasure that the appended statement of facts and figures connected with the manufacturing interests of Memphis are presented to the members of the Chamber of Commerce and the public. The information here gathered is the result of more than two months of patient, diligent research, estimates having been necessitated in but three instances, where parties failed to impart the necessary facts. The showing, considering the general stagnation in trade and manufactures throughout the country, is of a highly satisfactory character, and evinces a steady increase in all departments, not only as compared with the previous year, but with any preceding period in our city's history. As will be seen, the total footing of productions of leading articles only, is $5,300,860, while in 1861—notably the most prosperous year heretofore in our history—the total for the same departments was $3,019,071, showing an increase for 1874 of say forty-four per cent. The average number of workers employed has been 2,616; total amount of wages paid $1,705,360 (all of which has been expended in our midst), and the value of raw material consumed has amounted to $2,156,000. This would show a profit to the manufacturer of $1,439,500, from which must be deducted, however, operating expenses aside from labor account. Favorable as this exhibit undoubtedly is, and surprising as its magnitude will be to a majority even of our own citizens, the result is totally inadequate to the field and the facilities here presented. A glance at the table of imports will readily explain.

Comment on these facts would seem to be unnecessary. By their own official report they show that in 1874 they produced forty-four per cent. more than they did in the most prosperous year the retofore. Instead of their people leaving their homes and running away to avoid taxes, it is officially stated on the thirty-fourth page of this report that the census of 1870 shows that Memphis has a population of 40,226, and that it had at the date of the report (Jan. 1, 1875,) fully 60,000, and including the immediate suburbs not less than 65,000.

Mr. Haywood—That is simply a city advertisement.

Mr. Hill—That statement is correct. I am a member of the Memphis Chamber of Commerce, and it was partly under my supervision that that report was published.

Mr. Smith—I must be permitted to say to the gentleman from Shelby that I notice in this book the names of D. T. Porter, D. P. Hadden and others, who are officers of the Chamber of Commerce. They went from my county to Memphis, and, of course, counld not make an untrue statement; and, what is more, every one of them, I venture to say, is in favor of accepting this compromise. On the forty-seventh page of this report I find the following statement:

> The main adjunct of our wealth and trade, the railway system of Memphis, justly commands a large share of attention. While excellent progress has been made in the past, important results are yet to be accomplished before the people of Memphis can safely relax their efforts in the direction of railroad building. It is true, we have the Memphis & Charleston, Mississippi & Tennessee, Memphis & Louisville and Memphis & Little Rock roads completed, the Memphis & Paducah finished a distance of thirty miles, and the Narrow Gauge to Raleigh, our ancient county seat—all furnishing us with quick and ready communication in all directions.

The main adjunct of their wealth is their railway system, and they have those very roads, on account of which a very large portion of our bonded indebtedness was created. The State issued its bonds to a very large amount to these very roads, which now constitute "the main adjunct of the wealth" of Memphis, and these bonds on the very debt created to build these roads you are now unwilling to pay at fifty cents on the dollar, with coupons similar to those on your own city's compromise bonds. It is said that men in the North own these bonds and that the Northern army devastated our country, and that is a reason why we need not be particular about paying them. Suppose that Northern men do own the bonds, don't we in Tennessee own the railroads? Ought we not to either pay the bonds or surrender the roads they built, because the "main adjunct" of your wealth is derived from our railroad system.

But the gentleman (Mr. Peters) reads an act passed by the Legislature of 1875 giving to the counties of Stewart, Montgomery, Houston, Cheatham and others authority by their County Courts to issue as much as $10,000 of bonds to relieve the suffering of the people in consequence of a failure in their crops the year before. He cites this act, I suppose, to show the distress of the people and to prove that they are unable to pay taxes with which to meet the interest on any compromise bonds which might be issued to complete a settlement. He seems to lay especial stress upon the fact that the act applied to *Montgomery county.* I suppose that this is done because that county has never wavered in its adherence to the often announced determination by it to stand by the credit and honor of the State. So far as that county is concerned I will say that it never asked or desired the act referred to apply to it. By its Quarterly Court, at the first session after its passage, it rejected it and disclaimed any knowledge of its provisions until published, and declined to have anything to do with it, and never issued a bond under the act. I concede, Mr. Chairman, that my county has no flaming report issued in book form by the merchants and business men of my town, demonstrating its wealth. Rather do I agree that my county is not very rich; but I will say that if Montgomery county *had* issued bonds under the authority of that act *it would have paid them*—not at fifty cents on the dollar, but it would have paid them in full, principle and interest. Montgomery county believes that when it owes a debt it is in honor bound to pay that debt, and it does it. Sir, the late civil war destroyed as much property of the people of my county as in any other county of equal wealth. It did its work of destruction as thoroughly there as anywhere in the State. Before the war Montgomery county subscribed stock to and for the purpose of building the Memphis, Clarksville & Louisville Railroad to the amount of $250,000, and the town of Clarksville subscribed to the same road $100,000, and each issued its bonds to that company at thirty years, with coupons attached bearing six per cent. interest, which were sold on the markets of the country. During the war of course no interest was paid, because no revenue could be collected; but as soon as the war ended Montgomery county and the town of Clarksville invited the holders of their bonds to come forward and receive bonds for the interest which had accrued on their bonds during the war. The creditors came and the town and county funded the interest which had accumulated during the war, and at once commenced the payment of interest on *all* of its bonds. Montgomery county pays interest promptly on all of its bonds, and if any man holds a coupon or other demand against it, all he has to do is to present it and he will receive the money without delay. Sir, I refer to this fact with pride and pleasure, because I am proud of my county and the character it sustains and has always borne for honest, fair dealing with its creditors both county and State. It has never asked to pay its debt at fifty cents, nor for any sum less than par. It never will. Again I say if it had issued bonds under the act of 1875, however poor the people might have been, *it would have paid them.* The people of my county believe in paying not only their public but also their private debts. A community which pays its private debts is apt to be willing to pay the public debt. Mark Twain quaintly but philosophically said that the way to train up a child in the way he should go is to go that way yourself. So whenever you find men scrupulous about their own affairs and punctual in the payment of their own debts, you will be apt to find them anxious about paying the public debt also.

Mr. Chairman, I have not thought it necessary to give a history of our public debt, because that has been so thoroughly done by the gentleman from Bedford (Mr. Frierson) that I deem it unnecessary. Neither have I thought it important to argue those facts which would show our ability to pay our debt, because that question has been exhausted by the gentleman from Overton (Mr. Goodpasture), and I could not hope to add anything to what he has already so ably presented. I can only add that I trust I shall be able to report to my constituents when I go home that we have compromised and forever settled this vexed question. If we fail I shall always regret it, and I believe the people of Tennessee will always regard our failure as a misfortune. But, sir, if we fail and repudiation should follow, which I trust may never be the case, I shall have the consolation of knowing, as was said by the gentleman from Bedford (Mr. Frierson), that I had no part nor lot in it, and that I have done all within my power to avert it; and, in conclusion, I will add that I shall give to his bill the poor sanction of my unqualified approbation and support.

MR. J. W. WEST, scenic artist, has completed a beautiful set of scenes for Mr. Elder's Melodeon Hall, and will commence next week on the scenery and decorations of Franklin Hall for Mr. Ed. Harrison.

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