

## A BELATED REPORT.

Secretary Carlisle Tells of the Treasury's Needs.

He Recommends a New Issue of Bonds, a Tax on Legacies and Incomes, and an Increased Tax on Spirits.

### OTHER RECOMMENDATIONS.

WASHINGTON, Dec. 22.—The annual report of Hon. John G. Carlisle, secretary of the treasury, was transmitted to congress Wednesday.

The secretary estimates the revenue of the government for the fiscal year which will end on the 30th of next June at \$430,121,000, and that the expenditures for the same period will amount to \$458,121,000, leaving a deficit of \$28,000. He recommends that the same be met by the issue of Pacific railroad bonds known as "currency sixes," issued in aid of the Pacific railroads, falling due within the year 1894, to the amount of \$2,322,000, which may be paid into the treasury, and that congress take action at this session to provide for them. He suggests as a means of enabling the government to promptly meet the emergency and provide a large sum for several years of additional revenue that there be five year bonds, in small amounts, to be disposed of through the sub-treasuries and post offices to our own people. Another, the issue of fifty million dollars in one-year paper.

Until the effect of the repeal of the Sherman silver purchase law is more fully developed he does not consider it advisable to recommend further specific legislation on that subject. He favors the retention of the present system of coinage of silver certificates. He refers to the opinion of his predecessor and of the late attorney general that the gain or seigniorage resulting from the coining of the silver bullion as it is now supplied to the government is not sufficient to meet the expenses of the coinage.

He champions the system of substituting ad valorem duties for specific duties in the collection of customs, and recommends an increase of ten cents a gallon in the internal revenue tax on distilled spirits, and an increase of additional internal revenue taxes on cigars and cigarettes, the imposition of new taxes on playing cards, cosmetics, perfumery, legacies and successions, and incomes derived from investments in stocks and bonds of corporations and joint stock companies.

In speaking of the possible issue of bonds the secretary says: "In the present condition of the public credit nothing less than the existence of a great and substantial emergency, in my opinion, justifies the issue and sale of any of these classes of bonds."

If the authority now existing should be so modified as to empower the secretary of the treasury to issue the bonds, the total amount of \$25 and its multiples they could be readily disposed of through the sub-treasuries and post offices without the agency or intervention of banks or other financial institutions and without the payment of commissions. Such bonds would be held by the people an large an opportunity to convert their surplus earnings into a form of security, which while it would be perfectly safe, would not increase in value by reason of accumulating interest, but which would be available as the means of procuring money needed, and the experience of this and other countries justifies the confident belief that such a bond would be popular and acceptable. Congress has the power to add such specific as will relieve the present situation and enable the treasury to continue the punctual payment of all legitimate demands upon it, and I therefore but earnestly urge that immediate attention be given to this subject."

Secretary Carlisle says that at the date of the resumption of special payments, January 1, 1879, there were \$36,081,016 of the old legal tender in circulation, and the secretary of the treasury considered that \$100,000 would constitute a sufficient basis for the maintenance of that amount of currency at par. But since July 14, 1880, additional "treasury notes" have been issued to the amount of \$155,934,390, which are now outstanding \$153,318,221, making the government obligations in currency \$409,992,241. In addition, he says that there have been issued under authority of the \$419,332,550 in legal tender silver certificates which certificates have been issued to the amount of \$334,138,504. With reference to this matter the secretary says:

"Under these circumstances it is, in my opinion, necessary not only that the secretary should be clothed with full authority to procure and maintain an ample reserve in coin, but that the purposes for which such reserve is to be maintained should be made as comprehensive as the duty imposed upon him by the law. The existence of such authority in a constantly available form would of itself inspire such confidence in the security and stability of our currency that its actual exercise would never be necessary, but the difficulty of declaring a specific policy and withholding the means which may become necessary for its execution, is too apparent to require comment."

After discussing the recent efforts of the treasury department to maintain the hundred million dollars reserve, he continues: "So long as the government continues the unwise policy of keeping its own notes outstanding to accumulate a large sum of money to provide for their redemption in coin on presentation, it will be, in my opinion, essential for the secretary of the treasury to possess the means to have the clear and unqualified authority to issue the money when and from time to time become necessary to enable him to meet such emergencies as the one which recently occurred in our financial affairs."

The secretary says that the amount of money in the treasury on January 1, 1880, December 1, 1882, was \$124,947 greater than the amount outstanding on November 1, 1882, and insists that it is greater than is required for a transaction of the business of the people at that time. The growth, he says, is due to the fact that the money is continually and is still accumulating in the financial centers to such an extent as to constitute a serious embarrassment to the banks in which it is deposited. The secretary says that the money does not create business but business creates a demand for money, and until there is such a revival of industry and trade as to require the use of the circulating medium, it would be hazardous to arbitrarily increase its volume by law to make material changes in its character by disturbing in any manner the relations which it sustains with other countries."

Secretary Carlisle says that the principal difficulties encountered by the treasury department results from the indisposition of the public to retain standard silver dollars and silver coins in circulation. The secretary does not know who is to be blamed for and adds:

"With the policy of maintaining equality in the exchangeable value of all our currency firmly established and the further accumulation of silver bullion arrested, there is no substantial reason why a silver certificate should not be favorably received, and as literally treated by the public as any other form of note in circulation, and for the purpose of creating a greater demand for their permanent use in the transactions of the people, I have directed that, as far as the law permits, and as rapidly as the opportunity is afforded, the amount of such certificates be reduced less than \$10 shall be increased by submitting them to larger ones to be retired and that the small denominations of other kinds of currency shall be retired as they are retired in the treasury and as fast as they are issued."

I am of the opinion that if this plan can be carried out, to the extent of supplying the country with small silver certificates to an amount sufficient to conduct ordinary cash transactions of the people, during the same time, certificates of the largest denominations were issued in the places of others retired, so as to encourage the national banks to hold them as parts of their lawful reserves, the exchangeable value would be increased, and ultimately a larger amount of sun currency than is now in circulation could be conveniently used."

The secretary then submits some suggestions upon the general principles involved in the coinage of silver certificates, and says that the only proper purpose for which they can be levied and collected is to raise revenue for the support of the public service and the payment of public obligations. This should be done with the least possible injury to any part of the people, but without regard to the groundless apprehensions or unreasonable opposition of timid or selfish interests. He declared that nothing but the plainest and most simple of specific or compound rates of duty in any case. He says that taxation according to value is distinctly American and does injustice to no one.

Mr. Carlisle is in favor of cheapening the necessities of life for the masses of the people and

taxing luxuries and articles of taste and fashion to the highest point. In alluding to the raw materials, he says:

If the world's store of raw materials were as accessible to the American manufacturer as it is to his competitor in other manufacturing countries, and the standard of society and industrial habits would enable him, without financial aid, to supply many parts of the world where his products are now never seen. The world's store of raw materials and various kinds of textile fabrics of such qualities and at such prices as would exclude all competition and create a demand for a large increase of our productive forces. With free trade, however, a permanent fixture in our foreign legislation the demand for labor would steadily grow with the extension of trade, while charged opportunities for the profitable investment of capital would stimulate the spirit of enterprise and stimulate the world to the danger of periodical suspensions, lockouts and strikes, which have in recent years so seriously interrupted our industrial progress.

The secretary then comes down to the revenue of the internal revenue system. He says that it is estimated that the revenue for the fiscal year 1880 will amount, upon the basis of existing laws, to \$454,27,748, and that the expenditures, excluding the sinking fund, will amount to \$462,300,000, leaving a revenue from customs to \$194,000,000, and the total estimated receipts from all sources will exceed the estimate of expenditures \$6,123,958. Assuming these amounts to be approximately correct, it is evident that the amount of revenue to be had in our revenue laws to provide for raising about \$184,300,000 from customs alone, or partly from customs and partly from such other subjects of taxation as congress may see proper to include in our internal revenue system, the revenue from the internal revenue system will be \$60,000,000 to the revenue for the fiscal year 1880 by the imposition of additional taxes under the internal revenue laws to supply sufficient means for the payment of the expenses of the government.

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