# PUBLIC FINANCES.

## Statement of Receipts and Expenditures for the Current Year.

### A DEFICIENCY OF $64,500,000.

Unless Business Should Revive—Argument for the Retirement of U. S. Treasury Notes.

WASHINGTON, Dec. 21.—Secretary Carlisle in his annual report on the state of finances, shows the revenues of the government from all sources to have been $409,475,408, and the expenditures $434,678,654, which leaves a deficit for the year ended June 30, 1896, of $25,203,245. In addition to the ordinary revenues collected during the year, the cash in the treasury was increased by the following sums:

From the sale of $100,000,000 four-per-cent, thirty-year bonds, $111,166,246 and from the issue of four-per-cent bonds in liquidation of interest accrued on refunding certificates converted during the year, $4,130, making a total of $111,170,376.

INCREASE OF RECEIPTS.

As compared with the fiscal year 1895, the receipts for 1896 increased $19,102,295, of which the following are the principal items of increase: Customs, $7,863,134; internal revenue, $3,341,192; profits on coinage bullion deposits, etc., $1,226,512; postal service, $5,516,665.

DECREASE OF EXPENDITURES.

There is shown to have been a decrease in the ordinary expenditures of $4,015,852.

THE DEFICIENCY.

The revenues of the government for the current fiscal year are thus estimated upon the basis of existing laws: From customs, $145,000,000; from internal revenue, $150,000,000; miscellaneous sources, $20,000,000; from postal service, $92,795,120; total estimated revenues $407,795,120; the expenditures for the same period are estimated at $472,295,120 leaving an estimated deficiency for the year of $64,500,000.

These estimates of receipts and expenditures the secretary says are made upon the assumption that there will be no substantial change in existing business conditions and that the present scale of public expenditures will not be reduced.

But, if our ordinary business activity should be resumed and the consumption of articles subject to taxation should increase to its normal proportions, there may be in fact, the secretary says, no deficiency in our revenues.

CURRENCY DISCUSSION.

**In his discussion of the currency the secretary makes an exhaustive argument in favor of the retirement from circulation of United States and treasury notes in the course of which he says:**

**"Our experience since the resumption of specie payments, has so thoroughly demonstrated the impolicy of attempting to maintain the circulation of these notes as a permanent part of our currency, that further argument upon the question seems to be unnecessary, except for the purpose of again presenting the subject upon the attention of Congress and urging the prompt adoption of such measures as will, within a reasonable time, eliminate this element of weakness from our system."**

**"The maintenance of a policy which necessarily imposes upon the government the burden of furnishing gold at the public expense to whoever may demand it for use or hoarding at home or for export to other countries cannot be justified upon any grounds of expediency or sound financial principle."**

**While the government has power to borrow money, it is not its duty to issue public obligations merely for the purpose of providing a paper currency for use in the transaction of business, nor has it the constitutional power, in my opinion, to make its promises legal tender in the payment of private debts. Such a policy, even if sanctioned by the Constitution, instead of imparting strength and stability to our currency system, seriously endangers it by the introduction of political and partisan considerations into the arrangement of a subject which ought to be regulated entirely by the business interests of the people and by the laws of trade and the principles which control honest commercial intercourse.**

**Although the actual ability of the government to redeem its notes promptly in gold coin may be undisputed, still the question whether they will be or ought to be so redeemed must always be open to public discussion, and it is well known that the constant agitation of this question during the past few years has upon several occasions greatly imperilled the safety of our entire currency system. So long as the United States notes remain in circulation, questions as to the mode and manner of their redemption, as to the means of providing and maintaining a coin reserve for that purpose will be made political issues and so long as these questions remain in politics, public confidence in the stability of our currency must be more or less disturbed.**

**We must not be deluded into a feeling of security by the fact that there has been a suspension of gold withdrawals during the last few months and a large accession to our stock of gold from abroad during the same, because there is no sufficient reason to believe this condition of affairs will be permanent, if our existing system is maintained.**

**"No system of coinage that can be devised will furnish [illegible] either gold or silver, unless it pays for it with means already collected by taxation, or by contracting an indebtedness to be paid by the people in the future.**

**"I am thoroughly convinced the retirement and cancellation of United States notes of both classes under such reasonable limitations and restrictions as to the time and methods as Congress may deem proper to prescribe, or as a prudent secretary of the treasury would adopt in the exercise of his official discretion, would not result either permanently or temporarily in an injurious contraction of the currency."**

SHOULD ISSUE BONDS.

**Secretary Carlisle renews his recommendation made in his last report that the secretary of the treasury should be authorized to issue from time to time bonds payable in gold, bearing interest at the rate not exceeding three per cent per annum** and having a time to run and to exchange such bonds for United States notes and treasury notes upon such terms as might be most advantageous to the government or to sell the bonds abroad for gold whenever in his judgment it might be advisable to do so and use gold thus obtained in making redemptions of outstanding notes. He gives in detail his reasons for carrying this plan into effect.

"Whatever plan may be finally adopted for the retirement of United States notes and treasury notes" says the secretary, "it will fail to afford complete protection to the government against the demands for gold in the future unless it includes a provision relieving the treasury from the obligation to redeem national bank notes, except such that are worn, mutilated or defaced, and the notes of failed banks, or require those institutions to keep their five per cent redemption fund in gold and to deposit gold coin for the withdrawal of bonds when their circulation is to be surrendered or reduced."

Secretary Carlisle also renews his recommendation for such amendments to the national banking laws as will permit the issue of circulating notes equal in amount to the face value of the bonds deposited and reduce the tax on circulation to one per cent per annum, and that authority be given to establish branch banks for the transaction of all kinds of business now allowed except the issuing of circulating notes.

Continuing the secretary says:

"It is believed a careful consideration of the existing situation and a conservative reliance upon improved business conditions in the future fully justifies the conclusion that the estimated differences for the current year and after the year 1897 will be realized, unless our public expenditures shall be very materially increased by acts of Congress, and that, with proper economy in administration and such reductions in appropriations as might be made without detriment to the public service, the receipts will be equal to the disbursement in 1898. But however this may be, the condition of the treasury is such that no revenue legislation is immediately necessary, or can become necessary for a considerable time, in order to enable the government promptly to meet its ordinary obligations.

MORE ECONOMY NEEDED.

Although the receipts from the ordinary sources of revenue during the last three fiscal years have been less than the expenditures, there has been at all times sufficiently available funds in the treasury to maintain an efficient public service and discharge the current obligations of the government, and no public creditor has been delayed in the collection of his claim, nor has the business of the country ever been disturbed by a doubt concerning the ability of the government to defray its ordinary expenses. What is most needed at present is not more taxes but more economy in appropriations and expenditures.

The great increase in the ordinary expenditures of the government during the last several years has been without a precedent in our history, in time of peace, and presents a subject which imperatively demands the most serious consideration in Congress. In my opinion we have reached a situation which not only forbids the favorable consideration of measures calculated to augment our annual outlay, but which obviously demands thorough revision of our permanent appropriation laws and the enforcement of strict economy in future annual legislation upon this subject. But unless our ordinary receipts are increased by improved business conditions, or our annual expenditures are reduced, a time will arrive when provision must be made for additional revenue, and if the expenditures of the government shall be increased by acts of Congress, the necessity for such a measure will arise earlier than the present situation seems to indicate.

ABOUT PROTECTION.

On the subject of protection in this connection the secretary says in part: So long as the income of the government from customs and internal taxes exceed the expenditures, the fact that protective duties were destructive of revenues, although clearly apparent to all who observe the practical operation of the system, did not attract the attention of the public generally; but the situation has been materially changed since 1892 and hereafter it will not be possible to sacrifice revenue to protection without seriously embarrassing the fiscal affairs of the government by depriving it of an income sufficient to defray its expenditures. If the usual proportion of this income is hereafter to be derived from taxes on imported goods, the protective theory must be abandoned as the basis of our legislation upon the subject and a well considered and consistent revenue system must be substituted in its place; and, in my opinion, this can be done without material injury to any trade or industry now existing in the country. The danger of a large foreign competition in our home market and the alleged injurious effects of such competition upon the interests of domestic labor have not only been greatly exaggerated in the past but are less now than at any time heretofore, and must continue to grow less hereafter.

In view of the comparatively small and constantly decreasing [illegible] that could be effected even by a repeal of all duties, a movement for the imposition of higher duties on imported goods cannot be regarded as justifiable upon any of the grounds usually urged in support of such measures by the advocates of the protective theory.

After considering a long array of figures to bear out his statements the secretary continues:

If this view of the subject is correct it is evident that new objects of taxation must be included in our tariff schedules, or the attempt to secure the usual proportion of revenue from customs must be abandoned and some other method of raising means to support the government must be adopted. When the two purposes of taxation are recognized and applied in our fiscal legislation there will be no difficulty in securing an ample revenue for the support of the government in the exercise of all its proper functions, without subjecting our industries to injurious and unnecessary burdens, or our trade to injurious and unnecessary restrictions.

**The Laurada.**

MADRID, Dec. 21.—The American steamer Laurada has returned to Mexico.

**London Stock Market.**

LONDON, Dec. 21.—There was a sharp rally on the stock exchange this morning, the Spanish war scare having passed.

# THE CUBAN REPORT.

*(Continued from Page One.)*

to prove that it was vital to their safety.

RECOGNITION OF TEXAS.

The report then takes up the recognition of Texas, and quotes at length from the executive and congressional utterances preceding that action. President Andrew Jackson in his Texas message of December 21, 1836, said:

"In the preamble to the resolution of the House of Representatives it is distinctly intimated that the expediency of recognizing the independence of Texas should be left to the decision of Congress. In this view, on the ground of expediency, I am disposed to concur, and do not, therefore, consider it necessary to express any opinion as to the strict constitutional right of the executive either apart from or in conjunction with the Senate over the subject. It is to be presumed that on no further occasion will a dispute arise, as none has heretofore occurred between the executive and legislature, and the exercise of the power of recognition. It will always be considered consistent with the power of the Constitution and most safe that it should be exercised, when probably leading to war, with a previous understanding with that body, by whom war can alone be declared, and by whom all the provisions for sustaining its perils must be furnished. Its submission to Congress, which represents in one of its branches the states of this Union and in the other the people of the United States, where there may be reasonable ground to apprehend so grave a consequence would certainly afford the fullest satisfaction to our country and a perfect guarantee to all other nations of the justice and prudence of the measures which might be adopted."

POWER OF CONGRESS.

The initiative thus accorded by Congress and conceded by President Jackson to Congress in the case of the recognition of Texas, was followed in the case of Hungary by President Taylor, which authorized his agent to invite the revolutionary government of Hungary to send to the United States diplomatic representatives, since the President entertained no doubt that in such case at the next meeting of Congress "her independence would be speedily recognized by that enlightened body." Until now, no further question has be raised in regard to the powers of Congress.

The case of Hayti and Santo Domingo, are passed over as governed by peculiar influences. In ever instance, the only question that has disturbed the intervening powers, the report continues, has regarded neither the right nor the policy so much as the time and mode of action.

The only difference between European and American practice was that the United States aimed at the moderating or restricting the extreme license of European intervention, and this was the difference which brought the United States nearly into collision with Europe in 1861 and 1862.

EUROPE'S ATTITUDE DURING THE REBELLION.

Lords Palmerston and Russell, as well as Emperor Napoleon and his ministers entertained no doubt of their right to intervene, even before our civil war had actually commenced, and accordingly, recognized the insurgent states as belligerents in May, 1861, although no legal question has yet been raised requiring such a decision.

The United States government never ceased to protest with the utmost energy against the act as premature and unjust, and this last and most serious case of interference, in which the United States were concerned as an object of European intervention, revealed the vital necessity of their American system, at the same time that it revealed the imminent danger of its destruction.

The report then gives the circumstances under which the southern confederacy was recognized, tracing in detail the diplomatic correspondence.

ON CUBA.

Under the sub-head of "Cuba" the report concludes as follows:

Into this American system, thus created by Monroe in 1822-23, and embracing then, besides the United States, only Buenos Ayres, Chile, Colombia and Mexico, various other communities have since claimed, and in most cases have received admission, until it now includes all South America, except Guianas; all Central America except the British colony of Honduras and the two black republics of Spanish San Domingo and Hayti in the Antilles.

No serious question was again raised with any European power in regard to the insurrection or independence of their American possessions until 1894, a rebellion broke out in Cuba, and the insurgents, after organizing a government and declaring their independence, claimed recognition from the United States.

The government of the United States had always regarded Cuba within the sphere of its most active and serious interests. As early as 1825 when they recognized states of Colombia and Mexico were supposed to be preparing an expedition to revolutionize Cuba and Porto Rico, the United States government interposed its friendly offices with those governments to request their forbearance. The actual condition of Spain seemed to make her retention of Cuba impossible, in which case the United States would have been obliged for their own safety to prevent the island from falling into the hands of a stronger power in Europe. That this emergency did not occur may have been partly due to the energy with which Monroe pronounced "our right and our power to prevent it," and his determination to use all the means within his competency to guard against it.

This right of intervention in matter relating to the external relations of Cuba, asserted and exercised seventy years ago, has been asserted and exercised at every crisis in which the island happens involved.

When the Cuban insurgents in 1869 appealed to the United States for recognition, President Grant admitted the justice of the claim and directed the minister of the United States at Madrid to interpose our good offices with the Spanish government in order to obtain by a friendly arrangement the independence of the island.

The story of that intervention is familiar to every member of the house and was made the base of its resolution, last session requesting the President once more "to interpose his friendly offices with the Spanish government for the recognition of the independence of Cuba." The resolution then adopted by Congress was perfectly understood to carry with it all the consequences which necessarily would follow the refusal by Spain of our friendly offices. On that point the situation needs no further comment. The action taken by Congress, in the last session, was taken, "On great consideration and on just principles," on a right of intervention exercised twenty-seven years ago and after a patient delay unexampled in history.

The interval of nine months which has passed since that action of Congress has proved the necessity of carrying it out to completion. In the word of the President's annual message:

"The stability two years duration has given to the insurrection, the feasibility of its protraction in the nature of things and as shown by past experience; the utter and imminent ruin of the island unless the present strife is speedily composed" are in our opinion conclusive evidence that the inability of Spain to deal successfully with the insurrection has become manifest, and it is demonstrated that her sovereignty is extinct in Cuba, for all purposes of its rightful existence; a hopeless struggle, for its re-establishment has degenerated into a strife which means nothing more than the useless sacrifice of human life, and the utter destruction of the very subject of this conflict.

Although the President appears to have reached a different conclusion than ourselves, we believe this to be the actual situation of Cuba, and being unable to see that further delay could lead to any other action than that which the President anticipated, we agree with the conclusion of the message that, in such case, our obligations to the sovereignty of Spain are "superseded by higher obligations which we can hardly hesitate to recognize and discharge."

Following closely the action of President Monroe in 1818 Congress has already declared in effect its opinion that there can be no rational interference except on a basis of independence. In 1822 as now, but with more force, it was objected, as we have shown, that the revolted states had no government to be recognized. Divisions and even civil war existed among the insurgents themselves. Among the Cubans no such difficulty is known to exist. In September, 1895, as we know by official documents printed on the spot the insurgent government was regularly organized; a constitution adopted; a president elected and in due course, the various branches of administration set in motion. Since then as far as we are informed, the government has continued to perform its functions unmolested. On the military side as we officially know, they have organized, equipped and maintained in the field sufficient force to fill the exertions of 200,000 Spanish soldiers. On the civil side they have organized their system of administration in every province, for as we know officially, they "roam at will over at least two-thirds of the inland country."

Diplomatically they have maintained a regularly accredited representative in the United States for the past year, who has never ceased to ask recognition and to offer all possible information. There is no reason to suppose that any portion of the Cuban people would be dissatisfied by our recognizing their representative in this country or that they disagree in the earnest wish for that recognition. The same thing could hardly be said of all the countries recognized by Monroe in 1822.

Greece had no such stability when it was recognized by England, Russia and France; Belgium had nothing of the sort when she was recognized by all powers in 1830. Of the states recognized by the treaty of Berlin, 1878 we need hardly say more than that they were the creatures of intervention.

The only question that properly remains for Congress to consider is the mode which should be adopted for the step which Congress is pledged next to take.

The government of the United States entertains none but the friendliest feelings toward Spain. Its most anxious wish is to avoid even the appearance of an unfriendliness which is wholly foreign to its thought. For more than a hundred years amidst divergent or clashing interests and under frequent and severe strains the two governments have succeeded in avoiding collision and there is no friendly office which Spain could ask, which the United States within the limits of their established principles and policy would not be glad to extend. In the present instance they are actuated by an earnest wish to avoid the danger of seeming to provoke a conflict. The practice of Europe in regard to intervention, as in the instances cited, has been almost invariably harsh and oppressive. The practice of the United States has been almost invariably mild and forbearing. Among the precedents which have been so numerously cited, there can be no doubt as to the choice. The most moderate is the best. Among these the attitude taken by President Monroe in 1822 is the only attitude which can properly be regarded as obligatory for a similar situation today.

The course pursued by the United States in the recognition of Columbia is the only course which Congress can consistently adopt.

**THE CUBAN WAR.**

**Insurgents Overrun the Province of Matanzas.**

CINCINNATI, O., Dec. 20.—A special to the Commercial Tribune from Tampa, Fla., says: Passengers from Cuba state that reports are openly accumulating that Matanzas province is overrun by Gomez's advance force. Numerous bands of insurgent guerrillas also have created a reign of terror among the Spanish garrisons in the smaller towns, who hardly dare venture outside their picket lines. All news from the east side of the island is that the insurgents are doing as they please in the hills beyond the trocha. Two more garrisons have just deserted to the Cubans, one of 150, the other of 200 men. Their officers alone remain faithful, and were permitted to escape to their Spanish strongholds.

Various engagements are reported at Esteyer, between the insurgent guerrilla forces and an advancing column of Spanish soldiers under Col. Jose Nunez. The Spanish, with considerable loss, drove the insurgents off the field. Nevertheless, the insurgents returned later and renewed the assault on the Spanish column.

The Spaniards are reported to have attacked a hospital filled with Cuban wounded near Amoa Saturday. The story says they killed all the wounded and then burned the hospital.

**Corn Stalks Valuable.**

CHICAGO, Dec. 15.—The Post's Washington special says: Introductory experiments have been carried on by Cramp, the Philadelphia shipbuilder, with a view to the utilization of corn stalks.

Mr. Cramp in a conversation with Senator Thurston stated that the elements entering into the composition of the stalk of the corn could be utilized for the production of nitrate, cellulose, matting, carpets, paper, powder and a food for cattle superior to anything now in the market, besides other things which he could hardly enumerate. He declares his discoveries will raise the value of the corn crop not less than $5 per acre per annum.

**Cotton for China.**

SAN FRANCISCO, Dec. 15.—The Pacific Mail liner China, which sails for the Orient today will carry an enormous quantity of cotton for the mills in China and Japan, in fact she has room for nothing else in her hold. The company refused a large consignment of flour yesterday and it was given out that no further freights would be received.

**In Favor of Striking.**

HAMBURG, Dec. 19.—A ballot of striking dockers at five different meetings today has resulted in 7,295 votes in favor of continuance of the strike and 3,671 against the strike. The result was received with vociferous cheering.

**National Bank Reports.**

WASHINGTON, Dec. 21.—The comptroller of currency has made a call on the national banks for a report of their condition at the close of business on Dec. 21.

HOTEL ARRIVALS.

Cullen—M. Howard, San Francisco; G. O'Neill, Evanston, Wyo.; Charles Day, Manhattan, Kan.; S. W. Gundaker, P. E. Erickson, J. J. Conkling, Boise, Ida.; C. M. Allison Jr., J. H. MacMillan, C. C. Richards, Ogden; J. D. Stock, Eureka, Utah.

Walker—Peter Harvey and wife, San Francisco; W. S. Reid, Deep Creek; Wm. K. Reid, Mont.; H. P. Oliver, Monroe; J. H. Malcolm, Pocatello, Ida.; E. S. Stebley, Thistle, Utah; J. T. Thorne, Pleasant Grove; Warner A. Reed, Daily Mining Record, Denver, Colo.

Templeton—O. R. Young, city; George L. Briggs and wife, New York; J. W. Hewitt, Omaha; W. Jones, New York; C. Herendeen and wife, Chicago; Robert L. Thompson, J. S. Mason, New York.

Knutsford—Mr. and Mrs. C. Taylor Compton, West Australia; Chas. H. Thompson, San Francisco; Jas. S. Forrest, New York; C. W. Fong, Colorado Springs; W. Jenkins, New York; E. W. Newcomb, Chicago; Al Hutchins, James Hayes, Boston; Chas. E. Merriam, New York; J. A. Wood, Kansas City, Mo.; F. B. Andrews, New Orleans, La.; J. G. Jordan and wife, New York.



**ESTRAY NOTICE.**

WHEREAS ON THE 15TH DAY OF December, 189-, I rescued from Jones [illegible]

Notice is hereby given that if said animals are not so claimed and taken away, and said charges and costs all paid before [illegible] at Bountiful City, Davis County, State of Utah, I will at said time and place offer said animals for sale at public auction, and sell the same to the highest and best bidder for cash, to satisfy the amount claimed as said damage and all costs.

Dated at Bountiful City, Davis County, State of Utah, this 20th day of December, 189-.

DANIEL L. DAVIS,
Poundkeeper for Bountiful.