

Exhibit 7

ymous vote; and that no member will shrink from his share of the responsibility. But while such is the patriotic spirit of this body, I cannot be blind to the use which will hereafter be made of it by small politicians. I will therefore say a few words in its defense.

The first question which will suggest itself to every citizen will be, was it necessary? For, if unnecessary, it is wholly indefensible. I will assume that every loyal man admits the necessity of everything required to extinguish this wicked rebellion. To do that, requires armies and navies. To sustain them money is absolutely necessary; for the soldiers of the Republic must not go unpaid, whatever it may cost the civilian. Money can be had only through loans; but loans cannot be had unless, at the same time, means be provided for paying punctually the interest. This nation must never repudiate her debts. This brings us to the direct question, how much must be annually raised to pay such interest? If the war were to end now or within sixty days, we could tell very nearly. I suppose our debt on the 1st day of July next will not be less than \$800,000,000. When, some time since, I had occasion to address the House on the Treasury note bill, I stated our daily expenses at \$2,000,000. They are now, and have been for some time past, over \$3,000,000 a day. It is plain, therefore, that the sum I have stated will be rather below than above our indebtedness at the end of this fiscal year. The interest, at 7.30, will require about sixty millions of dollars annually. How much this will be increased by the necessary sacrifice of our bonds, owing to the unfortunate specie clause in our Treasury note bill, it is hard to conjecture. The ordinary peace expenses of Government will not be less than \$70,000,000 + \$60,000,000; these together will be \$130,000,000, independent of the increase in our pension list. My learned colleague from Vermont estimates the revenue from this bill and from customs at \$163,000,000. We have been so little accustomed to national taxation, that our statistics and means of ascertaining the actual product of this bill are very scanty. Any estimates must necessarily be very imperfect. Much will depend on the amount of trade and the prosperity of domestic industry.

I am fearful that my colleague has over-estimated the amount for the first year. But for the second year, when the stock on hand which will escape this tax shall have been consumed, I believe the amount will go considerably above his estimate. But as the amount of interest for the first year will be considerably less than the second year, I have a confident hope that this bill, with our other revenue, will raise at least \$15,000,000 beyond the interest and ordinary expenses of Government. If our debt should not be increased beyond \$1,200,000,000, and commerce should revive, I believe, in after years, we shall have a surplus of \$50,000,000 to apply to the reduction of the debt. This calculation is merely hypothetical, as I cannot foresee the course of the Government in dealing with this rebellion. If they should use the legitimate means in their power, I have no doubt that in ninety days the rebels might be so crippled that our army could safely be reduced to one hundred thousand men, and five sixths of the present expenses be saved. In that case I feel no hesitancy in predicting that not another dollar of taxes need ever be imposed on the people to defray our whole debt. If the Government should further determine, in accordance with the practice of nations, the dictates of wisdom and of justice, to make the property of the rebels pay the expenses of the war which they have so wantonly caused, this tax need never be collected beyond the second year.

But if the Administration should deem it wise to prolong the war, and suffer the loyal citizens to be oppressed, to show mercy to traitors, the people must expect further and heavier burdens. In selecting the objects of taxation, the committee have found it necessary to visit many articles which they would have gladly spared. They have, however, laid no burdens on those who have but small means. They have exempted property and business below the value of \$600, so that the poor man's tenement shall not be disturbed by the tax gatherer. For the same reason they have laid no poll tax. They have, no doubt, notwithstanding their best efforts, failed to equalize the burden to the extent which they desired. They have at-

tempted to raise the largest sums from articles of luxury, and from the large profits of wealthy men. But even on these articles the tax is light compared with that of other countries. Take spirits as a sample. You may call it a luxury or a nuisance, as best suits your taste. The excise in England is \$2 50 per gallon; here, fifteen cents. Tobacco stands in the same list. Even now, when England has reduced her tariff, her duty on the raw material is seventy-two cents per pound; on manufactured, or cigars, \$2 16; on snuff, \$1 44; on stems and scraps, seventy-two cents. In this bill, the raw material is free; manufactured, ten cents per pound; cigars, ten cents; smoking, five cents; snuff, eight cents; scraps, nothing. Where we have laid a tax on the domestic article, the committee have adopted the principle of laying compensatory duties on the foreign article when imported. This we deem necessary to retain the home market, and not to discriminate against our own industry.

The income tax has been found very difficult to adjust so as to escape double taxation. But the committee thought it would be manifestly unjust to allow the large money operators and wealthy merchants, whose incomes might reach hundreds of thousands of dollars, to escape from their due proportion of the burden. They hope they have succeeded in excluding from this tax the articles and subjects of gain and profit which are taxed in another form.

The committee have been greatly embarrassed by the Canadian reciprocity treaty. They have been obliged to omit many articles which, with a light tax, would have produced a large revenue. This is but one of many illustrations of the evil of commercial treaties, which are in direct violation of the letter and spirit of the Constitution. The treaty-making power has no more right to regulate commerce than it has to declare war and raise armies and navies.

I have no fear that the loyal people of the free States will complain of any burdens which may be necessary to vindicate the authority of the Union, and establish on a firm basis the principle of self-government and the inalienable rights of man. So long as this money is honestly and economically expended, they will not repine. While the rich and the thrifty will be obliged to contribute largely from the abundance of their means, we have the consolation to know that no burdens have been imposed on the industrious laborer and mechanic; that the food of the poor is untaxed; and that no one will be affected by the provisions of this bill whose living depends solely on his manual labor.

Mr. WICKLIFFE. I now ask leave to move to strike out the duty on salt.

Mr. HICKMAN. I object.

The bill was ordered to be engrossed and read a third time; and being engrossed, it was accordingly read the third time.

Mr. STEVENS moved the previous question on the passage of the bill.

The previous question was seconded, and the main question ordered.

Mr. LOVEJOY demanded the yeas and nays on the passage of the bill.

The yeas and nays were ordered; the question was taken; and it was decided in the affirmative—yeas 125, nays 14; as follows:

YEAS—Messrs. Aldrich, Alley, Arnold, Ashley, Babbitt, Baker, Baxter, Beaman, Biddle, Bingham, Francis P. Blair, Jacob B. Blair, Samuel S. Blair, Blake, William G. Brown, Calvert, Campbell, Chamberlin, Clark, Clements, Cobb, Colfax, Frederick A. Conkling, Roscoe Conkling, Corning, Covode, Gravens, Crittenden, Davis, Dawes, Delano, Delaplaine, Diven, Duell, Dunlap, Dunn, Edgerton, Edwards, Eliot, English, Fessenden, Fisher, Frank, Gooch, Granger, Grider, Gurley, Haight, Hale, Hall, Hanchett, Harding, Harrison, Hickman, Hooper, Horton, Hutchins, Julian, Kelley, Francis W. Kellogg, Killinger, Lansing, Lazear, Leary, Lehman, Loomis, Lovejoy, McKnight, McPherson, Mallory, Menzies, Mitchell, Moorhead, Anson P. Morrill, Justin S. Morrill, Nixon, Noble, Noel, Nugen, Odell, Otin, Patton, Perry, Timothy G. Phelps, Pike, Pomeroy, Porter, Potter, Price, Alexander H. Rice, John H. Rice, Riddle, Edward H. Rollins, James S. Rollins, Sargent, Shaubs, Sheffield, Sheljager, Sherman, Sloan, Smith, Spaulding, John B. Steele, William G. Steele, Stevens, Stratton, Benjamin F. Thomas, Francis Thomas, Train, Trowbridge, Van Horn, Van Valkenburgh, Verree, Wadsworth, Wallace, E. P. Walton, Ward, Webster, Wheeler, Albert S. White, Wilson, Windom, Woodruff, Worcester, and Wright—125.

NAYS—Messrs. Allen, Buffinton, Cox, Kerrigan, Knapp, Law, Norton, Pendleton, Richardson, Shiel, Vallandigham, Voorhees, Chilton A. White, and Wickliffe—14.

So the bill was passed.

During the vote, Mr. WRIGHT stated that his colleague, Mr. BAILLY, had been called home in consequence of sickness in his family.

Mr. WHEELER stated that his colleague, Mr. FRANCHOT, was absent in consequence of the illness of a relative.

Mr. PIKE stated that his colleague, Mr. Goodwin, was detained at his lodgings by sickness.

Mr. RICHARDSON stated that his colleague, Mr. ROBINSON, had been called home by sickness in his family.

Mr. BROWN, of Virginia, stated that his colleague, Mr. WHALEY, was detained from the House by sickness, but would have voted for the bill, if present.

Mr. WARD stated that his colleague, Mr. WOOD, was unavoidably absent, and that he was authorized to state to the House that, if present, he would have voted in the negative.

Mr. POMEROY stated that his colleague, Mr. WALL, had been called home by sickness.

Mr. FRANK stated that his colleague, Mr. ELY, had been called from the city, and had not yet returned.

Mr. STEVENS moved to reconsider the vote by which the bill was passed; and also moved to lay the motion to reconsider on the table.

The latter motion was agreed to.

PACIFIC RAILROAD.

The SPEAKER stated the business next in order to be the consideration of the bill (H. R. No. 364) to aid in constructing a railroad and telegraph line from the Missouri river to the Pacific ocean, and to secure to the Government the use of the same for postal, military, and other purposes, as a special order, and to continue from day to day until disposed of, on which the gentleman from Pennsylvania [Mr. CAMPBELL] was entitled to the floor.

CONTINGENT FUND OF TREASURY DEPARTMENT.

Mr. STEVENS asked and obtained unanimous consent to report from the Committee of Ways and Means a bill making appropriations to reimburse the contingent fund of the office of the Secretary of the Treasury, including the compensation of additional clerks who may be employed, according to the exigencies of the public service, and for temporary clerks, for the current fiscal year and for the year ending June 30, 1863, which was read a first and second time, referred to the Committee of the Whole on the state of the Union, and ordered to be printed.

CAPITOL EXTENSION SUPERVISION.

Mr. TRAIN. I ask unanimous consent to report from the Committee on Public Buildings and Grounds, and to have put upon its passage, Senate joint resolution No. 50, transferring the supervision of the Capitol extension and the erection of the new dome to the Department of the Interior.

Mr. McPHERSON. I object.

PACIFIC RAILROAD—AGAIN.

Mr. CAMPBELL. I am directed by the select committee on the Pacific railroad to report a substitute for the bill before the House. It makes very unimportant changes in the bill as it has been printed, with the exception that it gives direct corporate capacity. I will explain it when the bill is read.

The Clerk proceeded to read the bill.

Mr. CAMPBELL. I move that the further reading of the bill be dispensed with. It is already printed and on the tables of members.

Mr. STEVENS. I hope the bill will be read.

The Clerk proceeded with the reading of the bill.

Mr. STEVENS. I want to know whether this bill has not to go to the Committee of the Whole on the state of the Union?

The SPEAKER. That will be seen after the bill is read.

Mr. STEVENS. There is no necessity for reading it if the fact is so.

The SPEAKER. The Chair does not know what is in the bill.

Mr. STEVENS. There is an appropriation of United States bonds.

Mr. CAMPBELL. I hope the reading of the bill will not be interrupted at this time.

Mr. STEVENS. I have a right to raise the question of order.