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Miller

# HESPERIAN STUDENT.

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## HOTELS.

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Late of the MARSH HOUSE.

BROWNVILLE, NEB.

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## Literary.

### NATIONAL DEBTS.

THE practice of borrowing money on credit of the government to supply the deficiencies of revenue in time of war or other great emergency, is of comparatively recent origin, for it runs back in England only to the reign of William 3rd and on the continent, to a date two or three centuries earlier.

In general, the ordinary revenue of a nation should equal its ordinary expenditure but when it becomes involved in an expensive war, the almost universal custom at present, is to meet only a small part of the increased outlay, by increased taxation, and to borrow the remainder from individuals on the public credit. This capital is spent unproductively in the operations of war, and consequently the wealth of the country is diminished by the amount so borrowed. This is not usually equal to the principal of the debt, for capitalists take advantage of the embarrassment of a government, when large loans must be negotiated in order to meet the pressing necessities of war, and refuse to lend except on terms most favorable to themselves.

This borrowed capital is taken from the fund which pays wages, and therefore its withdrawal and dissipation affect most seriously the working classes. It is true that in the older and richer countries the accumulation of capital is more rapid than the development of opportunity for its profitable employment, and, if not loaned to the government it would go abroad. But wherever it produces profit, it tends to raise wages, and this rise by attracting laborers from the older country, relieves to some extent the tension on society of a crowded laboring class.

It is often said that a nation, whose debt is large, has given bonds to keep the peace. The fallacy in this remark is obvious, for the debt exists only through the effort to escape a part of the evils of military expenditure by generously sharing them with posterity. In so far as this effort is successful a public debt is evidently no hindrance to the commencement and prosecution of wars. It is true that when long continued burdens have weakened the nation and destroyed its vitality, it is incapacitated for great enterprises whether of good or ill. But until this stage is reached a heavy debt does not impede military designs. If, however, governments were required to raise during the year the supplies for that year's campaign, the evils of such a dissipation of capital would be attributed to the proper cause, and only when its rights were seriously imperiled could a state be induced to engage in hostilities.

Many Englishmen of to-day would

strenuously oppose any attempt to pay off their immense debt, for it is supposed that it is an important means of securing the stability of their government. But a debt is national and not governmental, therefore no revolution would attempt repudiation unless it had its origin in the oppressive burdens of the debt itself. And this is not impossible for few other causes are contributing so largely to the spread of communism and other efforts to overturn existing institutions, as the heavy debts which weigh down modern nations. For these rest with peculiar severity on the laboring and middle classes. This is seen from the fact that the interest must be raised chiefly by indirect taxations. Especially is this the case with us for the constitution forbids the levy of any direct tax except in proportion to the population of the several states. On account of the unequal distribution of wealth this tax can not be resorted to except in times of great emergency, for it would be most unjust that a hundred dollars in Neb. should be taxed three times as heavily as the same amount in Massachusetts. An income tax places too high a premium on dishonesty and untruthfulness to be wisely employed except under pressure of unavoidable necessity. No other resource remains besides indirect taxation. And this is a most effective and easy way of collecting revenue since he who pays the tax scarcely knows when the payment is made. But such a tax imposes terrible hardships on the laboring classes. For, in order to make it produce any considerable amount it, must be levied upon such articles as tea, coffee, sugar and tobacco. But these are consumed principally by the working classes and consequently the rich contribute but a comparatively small proportion of such revenue. Where the supply of labor is greater than the demand, the effect of an indirect tax is to depress the condition of working men.

The bonds of the government are undoubtedly a very convenient form of investment and it is possible that they some times encourage savings. But the stocks and bonds of great corporations are nearly as safe and convenient; moreover, the latter kind of investment is far more advantageous to the state than the former.

For, the capital which is lent to the government is spent unproductively while that which is lent to corporations is made to produce a profit and before it is destroyed to replace itself.

A circumstance of the present time which does not afford very great satisfaction to debtors is the rapid rise in gold, the medium in which debts must be paid. The increase in the principal of debts due to this cause has been seven percent in the last five years. If the demountization and consequent depreciation of silver goes on, in all probability gold will continue

to rise. It is, therefore, manifestly the policy of governments to pay their debts as soon as possible.

Great Britain and the other powers which regard their debts as permanent, have not come to occupy this position without a struggle England for many years attempted to pay off her debts by sinking funds on various plans, but every effort served only to plunge the nation into fresh difficulties. The income of the sinking fund was drawn upon as a reserve for the prosecution of new wars, instead of being applied to extinguish the debt already incurred. Finally the attempt was given up as hopeless, but the result has not been what was expected. If the advice of Smith and all other political economists has not been heeded, neither have their anticipations of the baleful results of further additions to the debt been realized. The wealth of England has never ceased to increase faster in proportion than her debt. For that which she has squandered in her costly wars has been promptly replaced by the sacrifices of the bone and sinew of the country. Smith did not foresee that the inventions of Watt, Arkwright, and Wedgwood, by opening new fields for industry would enable the working men to bear the burdens which have rested so heavily upon them. But England's account is not yet closed nor balanced. Her debt must continue to increase, for the only way to prevent the growth of a public debt is to pay it. A nation which is unwilling to make the temporary sacrifice necessary to pay a debt already contracted will not be persuaded to raise during the year the immense supplies necessary for a modern war. The time will surely come when the working class can bear no further addition to their burdens. The expenses of war will then fall on capitalists driving some out of the country, and their withdrawal, in turn, will increase the pressure on the others, till at last the catastrophe will come. The distress and misery of such a fate we can but faintly conceive. But worse than all else it will give public and private morality a shock from the effects of which the nation will not soon recover. Such I conceive to be the legitimate consequences of the course which England has taken.

The policy of the United States has been to pay off its war debts as soon as possible and it is worthy of all praise. The debt incurred in crushing the great rebellion has already been reduced by one fourth. But now there is danger that we shall rest satisfied with what has already been accomplished and with the saving of interest brought about by the late funding operations. The reduction of the debt this year has been only one fifth of that required by the conditions of the sinking fund. Now that the two great parties are so evenly balanced there is great danger that in order to make political capital, such measures as the last pension bill and the bill for the reduction of the tax on tobacco will be rushed through congress diminishing the resources of the nation to such an extent, that any further payment of the debt will be impossible.

But if this tendency is resisted, if we continue in the course we have so wisely taken and never allow an irredeemable debt to wind its parasitic folds around our national prosperity and destroy its vigor of life, the time will speedily come, which Gladstone and Jevons already foresee when we shall wrest from England's unwilling grasp the commercial supremacy of the world and take the place, to which our resources entitle us, of the richest nation on the globe. C L