

San Joaquin Republican, Volume 5, Number 51, 2 March 1855 — w«r Debf-Me»«age from the T*,f In Governor. " j [ARTICLE]

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The Indian War Debt—Message from the Governor.
EXECUTIVE DEPARTMENT

San Joaquin Republican.

EXECUTIVE DEPARTMENT,
SACRAMENTO CITY, Feb. 26, 1855. }

To the Senate and Assembly of California:—

I deem it my duty to again invite your attention to the great importance of immediate action in relation to the appropriation made by Congress, at its last session, to be paid into the Treasury of the State of California, for expenses incurred in the suppression of Indian hostilities within her limits, in the years 1850 and 1851.

In explanation of the reasons which induce me at this time to communicate with you by special message, it is proper to state that erroneous impressions appear to be entertained by some as to the provisions of the several acts heretofore passed on the subject, and also that since the assembling of the Legislature I have received letters from our Representatives in Congress, and others interested in the prosperity of California, urging the importance of early action on the part of the State to secure for her the full benefit intended to be conferred by the Act of Congress, assuming to a certain amount the debt by her incurred in the suppression of Indian hostilities. These letters assure me that in order to secure a recognition on the part of the General Government of the past action of the State in the premises, and have the entire amount appropriated paid into the Treasury of the State, and ultimately applied in the redemption of the outstanding War Bonds, it will be necessary to transmit the papers, vouchers and accounts to Washington City, in charge of an agent authorized to act in the matter for the State. In order to cor-

ect erroneous impressions, and enable you to act promptly on this important subject, it is deemed proper in this communication to direct your attention to the provisions of the several acts passed by the State in relation to the settlement and final payment of the debt incurred in the suppression of Indian hostilities, and also to the act of Congress assuming the payment of the same.

The act passed February 15th, 1851, authorizes the negotiation of a loan not exceeding five hundred thousand dollars, upon the faith and credit of the State, payable in ten years, and at any period after five years, at the pleasure of the State; said loan to be at a rate of interest not exceeding twelve per centum per annum.

Section 7 of the same act provides as follows: "Any claim which this State has now, or may hereafter have, on the General Government for moneys expended out of this loan for the purposes aforesaid shall be, and the same is hereby set apart and pledged for the payment of the principal and interest arising upon said bonds."

Of the outstanding war bonds of the State, two hundred thousand dollars, bearing an interest of twelve per cent. per annum, were issued in compliance with the provisions of act above referred to, which was passed February 15th, 1851.

The balance of the bonds now outstanding, amounting in the aggregate to the sum of six hundred and thirty thousand dollars, were issued in accordance with the requirements of several acts of the Legislature, passed respectively May 3d, 1852, April 16th, 1853, and May 1st, 1853. The first section of the act of May 3d, 1852, provides that "a sum not exceeding \$600,000 is hereby appropriated and set aside as an additional War Fund, payable in ten years out of any moneys which may be appropriated by Congress to defray the expenses incurred by the State of California, and interest thereon, at the rate of seven per cent. per annum, in the suppression of Indian hostilities, or out of the proceeds of the sale of any public lands which may be donated or set aside by Congress for that purpose; and should no such appropriation or donation be made, or if an amount sufficient should not be appropriated

amount sufficient should not be appropriated or donated within the said ten years, then the bonds authorized to be issued by this act shall be good and valid claims against the State, and shall be paid out of any money in the Treasury not otherwise appropriated."

Section 9 of the same act, pledges "any claim which the State has, or may hereafter have upon the General Government, to the payment of the bonds issued under the act."

The provisions of the acts of April 16th and May 3d, 1853, it is proper to state, are similar to those of the act of 1851, differing only in the amount of bonds authorized to be issued.

By reference to the foregoing sections of law, it will be seen that "any claim which the State has, or may hereafter have, upon the General Government," is pledged for the payment of the bonds issued in pursuance of the several acts named, but that they only become "good and valid claims against the State" at the expiration of ten years, and in case of failure on the part of the General Government to assume the debt.

As was anticipated at the date of the passage of the acts above referred to, Congress has provided for the payment of the war debt of the State to the amount of \$924,259 65, and directed that sum, after an examination of the accounts and vouchers by the proper officer, to be paid into the Treasury of the State. In view of the fact that the bonds issued in compliance with the above recited sections of the acts of 1852 and 1853, will not be fully due until the year 1862, and only become "valid claims against the State at the expiration of ten years" from their dates respectively, it would, perhaps, be well for you, after having provided for a settlement with the proper department at Washington City, so as to secure the payment of the amount appropriated into the State Treasury, to pass an act fixing the time and place of payment of the bonds, and in the same act prescribe the terms of redemption.

The section of law passed by Congress, assuming the war debt of the State, reads as follows:

"SECTION 3. And be it further enacted, That the Secretary of War be, and is authorized and directed to examine into, and ascertain the

amount of expenses incurred, and *actually* and properly paid by the State of California, in the suppression of Indian hostilities within the said State, prior to the 1st day of January, A. D. 1854, and that the amount of such expenses when so ascertained, be paid into the treasury of the said State. *Provided*, That the sum so paid shall not exceed in amount the sum of nine hundred and twenty-four thousand two hundred and fifty-nine dollars and sixty-five cents \$924,256 65,) which amount is hereby appropriated out of any moneys in the treasury not otherwise appropriated."

It will be observed that the foregoing section does not authorize the Secretary of War to transfer the amount appropriated, from the National, into the State treasury, until he shall have examined into and ascertained the amount of expenses incurred, and *actually* and *properly* paid by the State of California, in the suppression of Indian hostilities."

In order therefore, to enable the Secretary to perform the duty enjoined by the section of law above recited, all the accounts, vouchers, and papers in the possession of the State, required to clearly establish her claim, should, without delay, be forwarded to Washington city, in charge of an agent competent from personal knowledge, of the several Indian expeditions, the vouchers, accounts, &c., to render efficient service in a fair settlement of the same.

By reference to the report of the Comptroller of State, it will be seen that on the 20th day of December, A. D. 1854, the war debt, interest included, amounted to the sum of one million thirty thousand five hundred and thirty dollars and thirty-three cents, (1,030,530,33.) For this large sum the State has issued bonds, two hundred thousand (\$200,000) dollars of which bear an interest of *twelve* per cent., and the balance *seven* per cent. per annum, adding monthly to the amount ultimately to be paid, a sum exceeding five thousand six hundred (\$5,600) dollars.

Confident in the belief that proper action on your part, in relation to the transmission to Washington City, of the necessary papers and

vouchers, is all that is now required to secure the early payment into the State Treasury of the whole amount appropriated, it is hoped that you will give the subject the immediate and careful consideration which its importance to the interests of the State unquestionably demands.

JOHN BIGLER.

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