

San Francisco, Cala, Feb'y 2d, 1857

My Dear Sir,

Yours of Dec. 25th only reached me by the boat down from the Columbia which got in yesterday. I am as I always have been ready to serve you to the best of my ability.

The State indebtedness of California, beyond the amount limited in the Constitution, has rightfully been adjudged unconstitutional, and I am glad of it. It will ultimate in permanent good. The future will be attended with greater economy in public expenditures, and the acts of officials in pledging the faith of the State will be more closely watched. The just limits of power as well as the necessity of great public expenditures, will, as a consequence of the recent decision, be hereafter more carefully heeded and cautiously examined. But, don't believe for a moment that a disregard of the equitable obligation to pay all just claims against the State, in due time as fast as the resources of the country will permit, will by any means follow the late judgment of the Supreme Court. Far from it! Repudiation cannot and will not (in my belief in any event) be seriously entertained by any considerable number of the inhabitants of the State. True, the bonds will greatly depreciate and perhaps come down to 25 cents on the dollar, but this will only last for a short time. The debt will be funded by a direct vote of the people. About this entertain no doubt, but, before it takes place, considerable time will elapse and in the interim politicians will make out of the subject any amount of "buncombe". The best probable time to buy cannot now be foreseen. In this respect ones judgment must be guided by the developments of the future, and about this I will keep you duly advised. The legislature has already a funding bill before it. That or some other will be likely to pass at the current session. The matter will of course be discussed warmly in the newspapers, but I would suggest that the current of public opinion will not be very certainly ascertained by what is said in print. Nearly all the papers will advocate assumptions. It will look better and appear better on the record hereafter. But, you must remember this "pocket argument" business is mighty uncertain in its results and especially so in a state distracted as this is with the thousand and one charges of fraud and corruption made against public officials where judgment upon which will be passed through the medium of the secret ballot. Thousands prompted thereto by what they may think their interests (to avoid heavy taxes) may secretly vote against assumption while openly they may choose to word favoring it or say nothing. All these things it is impossible to fully weigh or understand by what appears in print; and hence the value, to a correct understanding of the question, of being in a position on the spot to know the real feeling that may after all enter into and control its determination. With this view I will watch and write you. There is no difference in the value of the 7 per cents of 1860-70-75. All stand on an equal footing now. In fact, I have heard of no sales of any for a month. The market is without any real or reliable quotations. Bonds can be bought cheaper here than in New York. They stand higher in that city than in California, but that state of things may soon change. All well.

In haste, Yours Very Truly,

O. C. Pratt

Asahel Bush Esq
Salem

San Francisco Cal., Feb'y 2^d 1857.

My Dear Sir,

Yours of Dec. 25th only reached me by the boat down from the Columbian which I got in yesterday. I am as I always have been ready to move upon to the best of my ability.

The State indebtedness of all varieties, beyond the amount limited in the Constitution, has rightfully been adjudged unconstitutional, and I am glad of it. It will ultimately be permanent good. The future will be attended with greater economy in public expenditures, & the acts of officials in pledging the faith of the State will be more closely watched. The just limits of power as well as the necessity of great public outlays, will, as a consequence of the recent decision, be hereafter more carefully heeded and cautiously examined. But, don't believe for a moment that a disregard of the equitable obligations to pay all just claims against the State, in due time & as far as the resources of the country will permit, will by any means follow the late judgment of the Supreme Court. Far from it! Repudiation cannot well act (in my belief in any event) so seriously entertained by any considerable

number of the inhabitants of the State. True, the bonds will greatly depreciate & perhaps come down to 25 cents on the dollar, but this will only last for a short time. The debt will be funded by a direct vote of the people. About this I entertain no doubt. But, before it takes place, considerable time will elapse and in the interim politicians will make out of the subject any amount of "bumcombe". The best probable time to try earnestly now to possess in this respect our judgment must be guided by the developments of the future, and about this I will leave you fully advised. The Legislature has already a funding bill before it. That or some other will be likely to pass at the ^{current} session. The matter will of course be discussed warmly in the newspapers, but I would suggest that the current of public opinion will not be very certainly ascertained by what is said in print. Nearly all the papers will advocate assumptions. It will look better and appear better on the record hereafter. But, you must remember this "procket argument" business is mighty uncertain in its results, and especially so in a State distressed as this is with the thousand ^{where} some charges of fraud & corruption made against public officials, judgment upon which will be passed through the medium of the secret ballot. Thousands prompted thereto by what they may think their interests (to

avoid heavy taxes) may secretly vote against a proposition
while openly they may choose to drop words favoring it
or say nothing - All these things it is impossible to
fully write or understand by what appears in
print; and hence the value, to a correct understanding
of the question, of being in a position on the spot to
know the real feeling that may enter into &
control its determination - With this view I will write
& write you - There is no difference in the value of the 7 per
cents of 1860-70-75 - all stand on an equal footing
now - In fact, I have heard of no sales of any for a
month - The market is without any real or reliable
quotations - Bonds can be bought cheaper here
than in New York - They stand higher in that city than
in California, but that state of things may soon
change -

All well -

Yours Very Truly,

O. C. Reed

Abraham Bushby
Salina -