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## SEVEN

# FINANCIAL CONSPIRACIES

WHICH HAVE

ENSLAVED THE AMERICAN PEOPLE

BY

**MRS. SARAH E.V. EMERY.**

“ The great debt that capitalists will see to it is made out of the war,  
 must be used as a measure to control the volume of money.  
 —*Hazzard Circular.*

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IN MEMORY  
 OF  
 MY SAINTED  
 FATHER,

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AND THE  
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OF A  
DYING  
REPUBLIC.

PREFACE.

Would I add another to the multiplicity of books that is flooding the country ? Why not ? It is only a little book I offer, but it contains truths which if understood by the masses, would tend to awaken them to the dangers which threaten our free institutions. “ Eternal vigilance is the price of liberty,” and a people too indifferent or too self-satisfied to be mindful of their liberties are unworthy of such a boon.

Republics are lost because their guardians—the people—entrust them to scheming politicians. We did not profit by the experience of other Republics, but followed in their footsteps,—and in their downfall we see our pending doom. That such a doom may be averted, I believe to be the desire of every patriotic citizen ; and if, in the perusal of these pages, my readers are awakened to a consciousness of impending danger, I shall feel that this labor has not been in vain. A revolution is upon us. Let us see to it that it is wrought by ballots, rather than bullets.

S. E. V. E.

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**Preface To Two Hundred And Twentieth Thousand Edition.**

Four years ago it was with many misgivings that I presented “ Seven Financial Conspiracies ” to the public. Would it be received with contempt or would the masses comprehend its plain though startling truths, were problems that I felt myself unable to solve. But the rapidly increasing demand for the book has been more than a satisfactory answer to my doubtful questionings. The cordial greeting which the little messenger has received from every State and Territory in the Union is indeed gratifying, for the profound interest manifested in its teachings gives assurance that the principles of justice are deeply rooted in the hearts of the American people. Scores of times have I been assured that the startling truths presented in this little book have revolutionized entire counties.

While I am gratified that such happy results have been brought about through its teachings, I take to myself but little credit for the good that has been accomplished.

This little work is but the reflection of a wonderful luminary from the pen of one of the purest philanthropists of this age—Col. B.S. Heath. For years I was a student of his inestimable book, “ Labor and Finance Revolution,” and sat a disciple at his feet until I became most thoroughly imbued with the spirit of his teachings.

To B.S. Heath this country owes a debt of gratitude that can never be paid until his teachings become so thoroughly incorporated into the life of every American citizen that he will know no duty higher than that of overthrowing the monopolistic powers that threaten the life of this nation.

S. E. V. E.

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NOTE.—Col. Benjamin S. Heath’s book, “ Labor and Finance Revolution.” can be obtained by

sending \$1.00 to his widow, Mrs. Louisa M, Heath, 1081 W. Monroe St., Chicago, Ill.

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CHAPTER I.  
THE CIVIL WAR PRELIMINARY TO AN INFAMOUS PLOT.

THE Earl of Chatham, England's great statesman, once said, " Show me the laws of a country and I will show you the condition of its people."

Starting upon this proposition, we are led to the conclusion that the laws of our country are not in accordance with the principles of justice and equality, for there is nothing in the condition of the masses that denotes prosperity, but rather a tendency to poverty and demoralization. No period of our history has been marked by such general dissatisfaction.

Wherever we turn is discontent ; labor idle, or at least working on short time and low pay ; mill after mill silent ; furnaces cold and unproductive ; tramps filling our highways ; the gaunt wolf of starvation staring into desolate homes, and strikes against starvation wages—those forerunners of revolution springing up on every hand. On the other side, we see granaries bursting with the abundance with which God has fattened the land, palatial mansions rising in fabulous magnificence, and mountains of wealth—the product of half-requited labor—poured into the coffers of the idle and affluent. All over the land the wail of distress comes up from poverty-stricken homes crushing out the manhood and womanhood of human kind, blighting the beauty and buoyancy of youth, and destroying the faith of mankind in an all-wise merciful father. In a land of plenty, where the willing hand of industry has created untold wealth, why should that hand be paralyzed for want of the very wealth it has created ? Why should comfortable food, clothing and homes be denied to those who have produced these things in such abundance ? Reader, these are questions that must soon be answered before the tribunal of a long-suffering but much enduring people.

In view of these facts and the responsibilities that rest upon us as American citizens, I earnestly ask that you lay aside your prejudices, and with me briefly consider a few of the circumstances that have brought about this deplorable condition. It is within the memory of many of my readers when millionaires were not indigenous to American soil. But that period has passed, and today we boast more millionaires than any other country on the globe ; tramps have increased in a geometrical ratio ; while strikes, riots and anarchists' trials constitute an exciting topic of conversation in all classes of society. There is no doubt but that the unequal distribution of the products of labor is one of the most fruitful sources of social and political disturbances.

Any rational person must admit that a nation's prosperity does not lie so much in the amount of its wealth as in a just distribution of that wealth among those who have produced it.

That nation is the most prosperous whose laborers hold warranty deeds, rather than leases of their homes, and a hundred cottage homes and gardens owned by a hundred workingmen is greater evidence of national prosperity than a million of property in the hands of a single individual. The ownership of home is the great safeguard of liberty, and it is impossible for a

people long to remain free who do not own their homes. History bears us out in this statement, and we trace with minuteness the connection between land monopoly and national death. God has implanted in the human heart an unquenchable thirst for knowledge and for liberty, a knowledge of that liberty which makes men free from the bondage of their physical necessities and breaks the manacles of that slavery which through all ages, the strong have imposed upon the weaker portion of mankind.

Since the day that Esau sold his birthright for a mess of pottage, crafty men have taken advantage of the physical necessities of their less artful brothers ; since that day, too, hungry men have been selling the birthright of their liberty for a mess of pottage which barely enables them to eke out a miserable existence. From the days of Esau to the present time two classes of people have existed upon this earth, the one class who live by honest labor, the other who live off of honest labor. From earliest times the one class have lived by tilling the soil, raising flocks and herds, delving in mines, working in wood, brass and iron, or deriving their subsistence from the waters over which God had given them do minion. The other class consisted of roving bandits, who under chiefs or leaders subsisted by swooping down upon and plundering the honest toilers ; sometimes a strong band would take possession of a rich territory, subdue its people and divide the spoils between themselves ; the chief became king, the brigands nobility, and the conquered people who only the day before were happy possessors of homes, became the slaves of this robber band who ruthlessly wrenched from them their homes and the products of their toil.

Today the same two classes exist as of old, not only in Europe but in this America, which gave such glorious promise of protection to its toiling people. True, the robber chiefs of our times have not by physical force taken possession of our toilers, and the products of their labor ; they did not swoop down upon these people with bayonets and bowie knives ; they did not say to them we have conquered your country and you are our slaves ; ah, no, the terms robber and brigand are too harsh ; civilization has advanced, and these terms are obnoxious to the refined intelligence of the age. The civilized brigandage of today is ashamed of its ancestry, but its appetite for plunder is no less ravenous and daring. Modern brigandage is carried on under more euphonious titles, and new methods of robbery are employed. Instead of “ robber king ” and “ brigand chief ” we have today the money king, the coal king, the cattle king, the railroad magnate, the telegraph monopolist and the lumber baron. Instead of spoils and plunders, we have interests, dividends, revenues and rents.

The system of American government as instituted by our fathers afforded little if any opportunity for robbery and oppression. Having successfully repelled their enemies across the water their prowess was established, and the civilized world stood in awe of the young republic. Not a crowned head of Europe aspired to clip the wings of the young American eagle, and for fourscore years the proud bird soared defiantly through the American heavens, or hovered above the sacred temple of our liberties. But, alas, in an evil hour the tempter came, the guardians were betrayed, and the very sanctuary of our liberties became the charnal-house of American freedom, and the market place of American honor.

Thirty years ago the American laborer was a prospective lord. He saw within his reach a home of plenty for his family, and an old age of comfort for himself. The bright picture before him inspired industry, economy and sobriety, and the laborer was a peaceful, sober, respected citizen. The condition of the American people less than half a century ago is graphically portrayed by Chas. Dickens, who, visiting in this country in 1842, wrote from Boston to a friend in London : “ There is not a man in this town nor in this State who has not a blazing fire, and meat every day for dinner, nor would a flaming sword in the air attract more attention than a beggar in the streets.” But today what is the outlook for the wage-worker of this country ? He sees before him only toil, unremitting, half-requited toil ; hope dies out in his bosom, despondency takes possession of his heart ; and unless sustained by a strong faith and a giant will he breaks beneath the weight of oppression, seeks relief in a suicide’s grave, or worse still attempts to drown his grief in the intoxicating cup and finally drifts into the great army of inebriates.

We are now led to the question, wherefore this amazing change in the condition of the working classes of this country ? There is a solution to this problem. As I have before stated the American system of government afforded little or no opportunity for robbery and oppression, but the vast plains and teeming valleys of this grand republic, with its innumerable sources of wealth, and millions of industrious population, was a coveted prize long sought by civilized brigandage. To obtain possession of this vast wealth and reduce an intelligent people to the position of slaves, was by no means an easy task. But the promptings of avarice were not to be silenced, and greed was on the alert for an opportunity to seize the coveted prize. The fatal opportunity at last presented itself. African slavery had been a source of contention from the very foundation of the republic, and its agitation finally culminated in the secession of a majority of slave holding states. The war cloud was gathering and the mutterings of dissatisfaction were portentous of a coming storm. Old men ominously shook their heads ; young men stoutly declared that “ the Union must be preserved ” ; and mothers on bended knee clasped more closely their precious boys, and prayed God that the storm cloud of war might pass. But above all the prayers, wailings and forebodings, the attentive listener could hear from Wall Street the echoes of jubilant satisfaction, and harmonious preparations for an onslaught upon the industry and prosperity of the country. Nor was Wall Street alone in this exultation over a prospective civil war ; all along the line were ringing notes of exultation, even our beloved Michigan swelled the cry “ to arms ! ” led on by that great leader who startled the entire Christian world by his infamous declaration, “ That a nation is not worth a curse without blood-letting.” A declaration that must forever dishonor the name of its illustrious author.

Now do you ask why this exultation over a prospective civil war ? Do you ask why the money-kings of Wall Street and the great political chieftain of Michigan were so anxious, and positively joyous, when the guns were turned upon Fort Sumpter and the declaration of war sent its thrilling notes throughout the length and breadth of our land ? Do you ask why their hearts became like steel, and their thirst for human gore insatiable ? Why human life had lost its sacredness, and the thunderings of the war trumpet was music in their ears ? Reader, do you

imagine it was because of their great love for the dusky toilers in the cotton fields of Mississippi, or because the finer instincts of their nature revolted against the cruel system of African slavery ? Do you suppose the story of Uncle Tom and Little Eva had touched their hearts and they had sworn vengeance upon the perpetrators of such cruelty ? No, no ; the money kings of Wall Street, and the great political chieftain of Michigan, were not the men whose hearts were touched with pity by the cries of distress. Their love of gain had stilled the finer instincts of their nature, and they rejoiced because they saw in the preparation for war their long-coveted opportunity for plunder. The calamity of war must bring its necessities, and through these necessities they determined to subjugate their unsuspecting brother men. To accomplish this it became necessary to obtain possession of the national finances. As blood, the circulating medium of the body, is the life of the body, so they knew that money, the circulating medium of the country, was the life of the country. Its industry, its education, its morality, in truth, its very life depended upon its medium of exchange. Controlling it, they could inflate or depress the business of the country at pleasure, they could send the warm life current through the channels of trade, dispensing peace, happiness and prosperity, or they could check its flow, and completely paralyze the industries of the country. They knew their opportunity was at hand, and the tidings of war that blanched the cheek and sent terror to the heart of the multitude was to their ears sweeter than the music of the spheres.

Scarcely had the war cloud broken ere the gold and silver money of the country disappeared. True to the history of metallic money in all ages, in the hour of peril, of a country's greatest need, her gold and silver money always takes flight. What had become of it ? Why Shylock had obtained possession of it, for what purpose we shall see hereafter.

The necessities of the war required vast sums of money ; but the treasury was empty, the gold and silver money of the country had fled. What was to be done ? The government was in duty bound to suppress the rebellion, to defend herself against the aggressions of her enemy. She must call out troops, clothe, feed and provide them with munitions of war. She must equip hundreds of thousands of soldiers to defend the liberties that had been entrusted to her keeping. But where should she derive means for this vast expenditure, where, in her distress, should she look for succor and support ? Where, indeed, could the government look except to her own moneyed classes ? Did not Wall Street rejoice in the declaration of war, and loudly protest against the secession of the slave States ? Surely, Wall Street would come to the rescue, and pour out her treasure in defense of the government. So said justice, so said patriotism, but history tells us quite another story. Neither American nor foreign capitalists would loan money to the government upon any reasonable terms. True the banks would loan their notes at 20 per cent. discount, that is, they would exchange eighty dollars of their notes for one hundred dollars in government bonds, bearing a high rate of interest, payable in gold, and backed by the government ; but they had not the power to make even these notes good in the hands of the soldier. Foreign capitalists would not at that time loan us any money, for they hoped and expected to see the republic rent in twain and the star of our liberty sink in a night of anarchy and blood.

Words are inadequate to express the hopeless condition of the country, and it would be almost impossible to give credence to the demands of avarice, were not its authenticity sustained by the most reliable records. From Appleton's Cyclopaedia for 1861, page 296, we learn that the money kings of Wall Street graciously tendered loans to the government in her distress at from 24 to 36 per cent. interest—these same money kings whom today we hear quoted as those *generous, patriotic capitalists*. Why, sirs, the South itself was not more formidable and determined in the preservation of her slave property than were these Shylocks in their determination to wrench from the government in her distress, such usury as would have put to shame their world renowned ancestor. On the one hand appeared the bristling steel of the enemy ; on the other, disguised as a friend and urging on the war, stood Shylock clutching his gold and demanding therefor a rate of interest that would drain the life blood of the nation more effectually than the bullets of a Southern foe.

But what was Shylock to do ? The gold and silver of the country were in his possession, and they would not serve his purposes unless he could loan them to the government at exorbitant rates of interest. Knowing the necessities of the government these Shylocks determined to persist in their demands, for they had planned through the misfortune of the government to enrich and aggrandize themselves. This was why they rejoiced while others wept, this was why the tidings of war brought gladness to their hearts. By hoarding the gold and silver of the country they thought to *compel* the government to accede to their demands, and while the soldier was giving his life on the battle field they would gather to themselves riches and power. But the great leader, Lincoln, was not to be baffled ; he loved the people better than Shylock, and justice better than oppression. From the constitution he read, “ Congress shall have power to declare war.” Again he read, “ Congress shall have power to coin money.” Then to the world he declared that Congress would coin money, and that the government, at whose head stood the fearless Lincoln, would *not* submit to the infamous demands of Shylock. Following this declaration came the enactments of July 17, 1861, and February 12, 1862, authorizing the issue of \$60,000,000 treasury notes, not bearing interest and payable for all debts, public and private. **These first issues of greenbacks constitute the demand notes, which, unlike all subsequent issues did *not* contain the exception clause, consequently they have always been at par with gold, and establish the fact, that had it not been for the exception clause on the greenback they would have always remained at par with gold.** Wherever gold went these demand notes could go, even into the coffers of the bond-holders. They paid his interest, paid duties on imports, the millionaire took off his hat to them, and the banker made obeisance. The issuance of this money at once brought relief to the country. With it the soldier was paid for his services, and his equipments furnished. Light began to break through the darkness that spread over the country, the destitution of the soldier's family gave way to moderate comfort, and although the pall of death was frequently spread at his door, its terror was relieved by the assurance that the government had made provision for his family. With an abundance of money, not even the blight of war could check the prosperity of the country, save in those sections desolated by its immediate ravages. Commerce, industry and education received a new

impetus, and flourished as never before in the history of the country.

But Shylock was sullen and disconsolate, having failed in his scheme to rob the people through exorbitant rates of interest, he immediately entered upon another scheme of brigandage which even the adroit Lincoln seemed unable to fathom. Having hoarded the gold and silver of the country, it was through this channel, if at all, he must despoil the country. Now, since Congress had made provision to supply the country with government money, there was no longer a demand for Shylock's hoarded gold, and his purposes seemed thwarted. But greed neither slumbers nor sleeps, nor did Shylock rest until his bandits had an appointed rendezvous. We find that only four days after the passage of the legal tender act to supply the country with government money, a bankers' convention was held in Washington, consisting of four delegates from New York banks, three from Philadelphia, and three from Boston. Shylock was alarmed ; he saw in the legal tender act a friend to the people, that it would transfer the monopoly of the money from his hands to the control of the people, he saw in it a precedent which, if established, would forever after enable the government to relieve itself and the people without submitting to his usurious extortions. He knew, too, that the government supplied with its own money would have no occasion to call from its hiding place his hoarded gold, unless by some means he could create a market for it. This, then, was plainly the object of that notable bankers' convention, *to create a demand for Shylock's hoarded gold*. Subsequent legislation tells us how well they succeeded.

**CHAPTER II.  
THE EXCEPTION CLAUSE.**

To the busy world there was nothing remarkable in the calling of a convention at Washington. But why a *bankers'* convention ? And why called *immediately* upon the passage of the legal tender act ? What had been done that necessitated such a speedy gathering of the money mongers ? Why, Congress had made the money of the government full *legal tender for all debts*, and Shylock and his gold had been ignored. The bankers must have a consultation, and have it *at once*. They must get control of Congress and devise some means by which the demand for their gold would become imperative. There is left no room to doubt but that the conspiracy perfected at that convention resulted in that infamous exception clause on the greenback, and was consummated by act of Congress, February 25, 1862, wherein it was stipulated that the greenback should be legal tender for all debts, public and private, *except duties on imports and interest on the public debt, which from that time forward should be paid in coin*. Shylock rejoiced ; he had accomplished his purpose, he had *created a demand for his gold*. Henceforth government should bow to him, and none should question his right to wield the golden scepter of money king. He had not conquered by bayonet or bowie knife, neither army nor navy had been at his command, but he had subjugated this people more effectually than ever Alexander or Napoleon had conquered.

For Congress to stipulate that only a certain article should be used in payment of certain government debts was simply to create a demand for that article. Had the act read that only white pigeons should be used in payment of interest and import duties, do you not see how a demand for white pigeons would have been created ? And if one hundred men had secured a corner on the pigeon business it would have been equivalent to a corner on the government. This is precisely what Congress did for Shylock—it gave him a corner on this government. But I am asked what harm if Congress did create a demand for Shylock's hoarded gold ? The wage worker says it did not affect me, as I was working by the day, month or year. The manufacturer says it did not affect me, as I did not use imported material. The consumer says it made no difference with me, for I did not pay duties on imports, neither did I pay interest on bonds. Well, if none of these individuals were affected by this measure I am certainly in the wrong and most humbly beg your pardon, unless an investigation reveals a different state of affairs.

First we will see who paid the premium which Congress offered on Shylock's gold, and secondly how much Shylock was benefited thereby. You remember that during the war our cotton and sugar crops were cut off in the south and we were obliged to import these articles from foreign countries. At one time the duty on sugar was 76 per cent, about the same time the premium on gold was 185 per cent. That is, it took two hundred and eighty-five cents in greenbacks to buy one hundred cents in gold. Had it not been for the exception clause on the

greenback the importer would have held his sugar at \$1.76, but besides the import duty he must also pay the premium on the gold. One hundred cents in gold cost him two hundred and eighty-five cents in greenbacks. At the same rate, seventy-six (the import duty), cost him two hundred and sixteen cents in greenbacks, so that instead of paying 76 per cent duty he actually paid 216 per cent, or 140 per cent more than he would have paid had there been no exception clause on the greenback. This \$1,40, which went directly into Shylock's coffers, was added to the price of the sugar and paid by the wage-worker, the manufacturer, and every other consumer of imported sugar. In the same way we were compelled to pay enormous prices for tea, coffee and several hundred imported articles. In the year 1864 the American people paid, in consequence of the exception clause, nearly four hundred million dollars, or about eighty-seven dollars to each family. With wages at \$2.00 per day the head of each family worked forty-three and one-half days during the year, or nearly one day in each week for the gold gamblers of Wall Street. The government never received one farthing of that enormous sum, and the masses of the people never understood why they paid such exorbitant prices. Shylock did not go to them with bayonet and bowie-knife and *demand* their money, but in every pound of imported sugar, in every yard of imported clothing they paid him tribute just the same. The weapons with which he conquered were statutory laws enacted solely for his benefit. Think of the situation. The soldier facing death on the battle field for \$16 per month, sends that money to his sorrow stricken family to be used in supplying them with the necessaries of life ; and in the purchase of their food and clothing with this blood-bought treasure, they pay indirectly to the gold gamblers of Wall Street from 25 to 50 per cent. Where is the man or the woman whose cheek does not burn with indignation and shame as he contemplates this robbery of the soldier and his family. But again, the enormity of the crime did not end with Shylock's power to rob the people through import duties. The exception clause had depreciated the greenback. This was a part of Shylock's scheme. I know you have been told by the popular press and orators of every reason under heaven—except the right one—why the greenback was depreciated. They have told you it was because the Democrats cried them down ; and again, because so many were issued it was feared the government would not be able to redeem them. Why, my friends, if the best man in Michigan were to give his notes and then refuse to receive them for debts due himself could it have any other effect than to depreciate them ? I tell you it was a part of Shylock's scheme, nothing but depreciation could follow the exception clause. Now why did Shylock wish to depreciate the greenback ? Simply to enable him to get more of them in his possession with which to buy government bonds. Having purchased such legislation he could buy bonds with greenbacks at face value, and by means of the exception clause he could turn his gold into greenbacks at enormous advantage. Let us take a view of the situation.

It is A. D. 1864. The country is desolated by war. Scarcely a family in which death has not entered. Fathers, husbands, brothers and sons have been stricken down at the battle of Spottsylvania, or the Wilderness, and there is mourning throughout the land. The wail of the widow and the cry of fatherless children are heard alike in the homes of affluence and poverty. Mothers wring their hands and cry aloud in an agony of grief, an only son has been smitten

down in the battle of the Wilderness, or perhaps a first-born, with shattered limbs, lies writhing and delirious in a distant hospital. The pall of death is over the land. But the clamor and clangor of business goes on.

A cargo of goods has entered one of our ports ; government requires the duty to be paid in gold. The importer proceeds at once to Wall Street, which, after the exception clause was placed on the greenback, became the great gold market of the earth, and as Judge Kelley justly said, “ It invited from all the money centers of the world their most voracious vampires to come here and fatten upon the life-blood of the American people.” Thither our importer wends his way, and as it chanced to be the month of July, 1864, he found he must pay \$285 in legal tender money for \$100 in gold. But there is no alternative, he pays the required sum, adds that much more to the price of his goods, and turns over the \$100 in gold to the custom house officers, who duly deposit it in the United States Treasury. There we leave our importer, who has been compelled to add to the price of his goods, not only the import duty but also the enormous premium on Shylock’s gold. Let us now return to our Wall Street broker and see how he has been effected by the calamity of war. The \$285 in greenbacks, which the importer paid him for the \$100 in gold, he immediately invests in government bonds at face value. His next step is to draw interest on his bonds, for the act of February 25, 1862, stipulated that his interest should not only be paid in *gold* but in *advance*. Having drawn his gold interest in advance he is prepared on the morrow to sell it to the next importer, and with each exchange he clears \$185 on every \$100 in gold. Shall we ever cease to extol the patriotism of those Wall Street capitalists ? But our picture is not complete until we take a look at the soldier. Sixteen dollars per month seems a small compensation for one to stand before death in its multitude of forms. But the soldier’s love of country overcame his fear of death, and he braved the terrors of the battle field that he might bequeath to his little ones the inheritance of liberty ; and if not impelled by love of country, the government did not hesitate to use its prerogative of “ **drafting into the service.**” **But did it draft money ? No. It must not interfere with the “ sacred rights of property.” Human life must be sacrificed for its protection, but property was inviolable.**

During the latter part of the war the government paid the soldier \$16 per month in greenbacks for risking his life on the battle field ; with this he could purchase just \$16 in government bonds. But the government paid Shylock in gold for risking his credit, and for sixteen dollars in gold, during the month of July 1864, he could purchase \$43.60 in government bonds. The question now arises, how much did the government actually pay the soldier, and how much is still due him ? Morally, and I believe legally, our government is today under greater financial obligations to the soldier than it is to the bond holder. Who will dare to say that human life is less sacred than capital ? Or that every greenback dollar paid the soldier was not redeemed by his service—perhaps his life ? Is there a quality in redemption that asks a higher price than agony and blood ?

President Cleveland has been greatly censured for vetoing private pension bills, but how many of those who condemn him uphold the action of the government that perpetrated this wholesale robbery upon the soldier ? And how many of them voted against General Weaver’s bill for

making up to the soldiers the difference between gold and the depreciated currency in which they were paid ? It is folly to claim that the war and business could not have been carried on without Shylock's gold. We have already shown that the government after issuing its own money—the greenback—had no need of gold, until, through strategy, the exception clause was placed on the greenback, and placed there for no other purpose than that of creating a demand for the gold hoarded by the money kings of the country.

During the past few years, several states have made large appropriations for the erection of soldiers' homes. Doubtless to many this seems a very beneficent act on the part of the government, but is it beneficence when the robber restores a part of his ill-gotten gains to the man he has victimized ? Had the interests of the soldier been as carefully guarded during the war as were the interests of the money monger, there is no doubt but that many who today languish in these institutions would be comfortable and happy in homes of their own, independent of either public or private charity.

**CHAPTER III.  
NATIONAL BANKING SYSTEM.**

THE next scheme for robbing the people was the national bank act, passed in 1863. Of all the villainous schemes of robbery ever practiced upon any people our national banking system stands preeminent. By it Shylock was permitted to invest his greenbacks in government bonds at face value ; upon these bonds he not only drew gold interest in advance but by means of the bank scheme he actually had 90 per cent of their value returned to him. While drawing interest upon the entire investment in the form of bonds, 90 per cent of it has been returned to him in the form of national bank notes, and it is with these he carries on his banking business, loaning them out upon the most advantageous terms. On the one hand he draws interest from the government ; on the other, *from the same investment* he draws interest from his individual debtors.

For instance, you borrow \$100 from your national banker, he graciously loans it to you at ten per cent in advance, which actually leaves you but \$90. With this \$90 you supply your family with food and clothing, upon a large part of which, as we have already shown, you pay an import duty, this import duty, please remember, went into the treasury and from thence paid interest on this same banker's bonds. Now is it not clear that your banker has been paid two interests upon the same money, one directly upon the bank notes, presented him by the government, which he loaned to you at ten per cent interest, the other indirectly as interest on his bonds, which was paid with the import duty that had been added to the price of your goods ? Now it is not for me to condemn individuals for taking advantage of this infamous law, but we do in most unqualified terms, denounce such a system of public robbery. None but the wealthy classes are able to enter upon this profitable banking business. If it is proper for the government to make the business of the wealthy thus lucrative, is it not equally just to give like advantages to the poorer classes ?

A wise government will look to the interests of its wealth producers who constitute the great toiling masses, and a just government would make the way to prosperity as easy for its humblest as for its most wealthy citizen. If this system is good for banking it ought to be good for every other legitimate enterprise, and every other law-abiding citizen is entitled to like consideration. Let us see how this system would affect, that great industrial class, the farmer. To illustrate : Mr. Jones is a farmer in easy circumstances ; the markets are favorable and he concludes to sell his wheat crop ; accordingly he hauls 1,000 bushels to market ; having no immediate use for the money, he agrees with the buyer to sell at \$1 per bushel and take in payment this \$1,000 note. It is a long-time note, fully secured, bears a good rate of interest, payable in gold semi-annually in advance. Mr. Jones being well secured, feels that he has made a good exchange, in place of property idle and subject to loss in his granary, it is now safe and yielding a handsome income. He is congratulating himself upon his ability as a financier, when he is accosted by the

dealer, who informs him that he —the dealer—has on hand another variety of wheat equally good as that he had just purchased, and since he had found Mr. Jones a keen, thrifty business man, he would present him with 900 bushels of it. The only expense to Mr. Jones would be the cost of handling, which would be one per cent of the value of the wheat, or \$9. The wheat should be taken to Mr. Jones' granary, where he could loan it to his neighbors upon the most advantageous terms. Nothing would be required of him for twenty years ; at the end of that time, unless they could enter into a new contract, it would be necessary for him to return the 900 bushels of wheat ; nothing would be required of him for the use of it, although by judiciously loaning to his neighbors twenty fold had been returned to him.

Words could scarcely express the surprise of Mr. Jones upon hearing this irrational proposition. We may imagine him taking the \$1,000 note from his pocket, and scrutinizing it with the gravest suspicions, or inspecting the shining gold pieces—his advance interest—to satisfy himself that they are not spurious. But being reassured, he hastens home to carry the news of his good fortune to the partner of his joys. He playfully drops the shining gold pieces into her lap, with the assurance that they are partial proceeds of the wheat, and that they are hers to invest in the new silk she had so long desired. Mrs. Jones expresses great surprise, for she had been previously informed that a \$1,000 interest bearing note would be the return for the wheat. Mr. Jones complacently taking the note from his pocket, informs her that the gold pieces are simply the *advance* interest on his note ; he then expatiates upon the beauties and advantages of such a system, declaring that hereafter his notes must be drawn with interest payable in advance. Then with an air of haughty indifference, he informs her that besides the gold interest and \$1,000 note, 900 bushels of wheat were being returned to him, and that the very men who hauled away the 1,000 bushels in the morning were returning with 900 to be replaced in his granary.

This announcement was too startling for truth-loving Mrs. Jones. She threw up her hands in horror ; for twenty-eight years she had been the wife of Darius Jones, and for the first time in all these years she had occasion to doubt his veracity. But the unwelcome thought was checked as a shudder of fear ran through her frame. “ Poor Darius,” thought she, “ must be insane.” Great sobs of grief began to choke her utterance, when casually glancing out of the window, she saw a train of loaded wagons coming up the lane. She stood for a moment dazed, great beads of perspiration appeared on her forehead. She looked at Darius, at the approaching train, then nervously scanning the \$1,000 note, she pushed it with the gold from her, and burst into a flood of agonizing tears. It was long before Darius could reconcile his wife to this mysterious proceeding, but there was a vein of ambition in her nature which dominated at times, and when she saw the benefits that must accrue from such a transaction, she not only became reconciled but regarded with pride the acumen that had so increased their material prosperity. From that time the Joneses moved in the most aristocratic circles, and were accounted among the “best” people of the community.

To many of my readers, no doubt, this little story appears like a most exaggerated fiction, but truth is stranger than fiction, and this truth is not only strange but startling. He who doubts its

authenticity has only to read the laws which govern our national banking institutions, and in proof of the rapacity of the system let me add that there is today a bill pending in congress, whereby it is proposed to make the bank circulation, not 90 but 100 per cent, the full face value of the bond ; in other words, Mr. Jones proposes the return of a full 1,000 bushels of wheat in addition to his \$1,000 bond and advanced gold interest. But the clear-headed, vigilant Weaver is on guard, and to him the people may safely entrust this momentous question. Further, the national banks, as depositories for the U.S. Treasury, today hold \$59,000,000 of the people's money upon which they are not paying one cent interest, but are and have been for the last 20 years loaning it at from 8 to 10 per cent, or using it for effecting corners on the necessaries of life. At one time the First National Bank of New York—John Sherman's bank—had the free use of \$43,000,000 of the people's money, at a time when its own capital stock was less than a quarter of a million. It was thus that *honest* John Sherman "east anchor to windward" when he was the people's servant.

The founders of our government had a salutary dread of the bankers' influence making itself felt in shaping the national legislation. They anticipated the evils that we have seen in our days to result from allowing the banking interest to become dominant in the halls of Congress. We find, therefore, the Third Congress of the United States Senate passing the following resolution on the 23d of December, 1793:

*" Any person holding any office or any stock in any institution in the nature of a bank for issuing or discounting bills or notes payable to bearer or order, cannot be a member of the House whilst he holds such office or stock."*

The resolution was signed by the President, George Washington.

At that time there were only three banks in the whole country. Yet even then Congress thought that the bank influence was such a standing danger to the maintenance of legislative purity that it deemed it necessary to provide against it by special legislation.

The three banks of 1793 have grown to over 3,000, and the banking interest as we have seen at one time had 189 representatives in Congress, the next largest representation being that of the legal profession, while the industrial classes were comparatively without any representation.

It is hardly necessary to point out the results of the large preponderance of bankers in Congress. It has for years been seen in the whole tenor of Congressional legislation. The interests of the industrial classes have been constantly and systematically sacrificed, while the interests of the moneyed classes have been persistently pushed to the front. Now has the law of 1793 been repealed ? If not, are there not enough honest men in Congress to see that it is put into effect ? Unless something be speedily done to revive this law, our government will soon be openly, as it already is secretly, a bankers' government.

If anyone doubts that the national banking system was not deliberately planned for the purpose of robbing the people, he may be undeceived by a careful perusal of the following private circular, sent out to the bankers of the country by their secretary, James Buell. Here is the

circular :

DEAR SIR—It is advisable to do all in your power to sustain such daily and prominent weekly newspapers, especially the agricultural and religious press, as will oppose the issuing of greenback paper money, and that you withhold patronage or favors from all applicants who are not willing to oppose the government issue of money. Let the government issue the coin and the banks issue the paper money of the country, for then we can better protect each other. To repeal the law creating national banks, or to restore to circulation the government issue of money, will be to provide the people with money, and will therefore seriously affect your individual profits as banker and lender. See your member of Congress at once, and engage him to support our interest, that we may control legislation.

(Signed by the Secretary.)

JAS. BUEL,

No. 147 Broadway (Room 4), New York.

Mark you it is especially *the agricultural and religious press* through which the secretary designs working upon the prejudices of the people. Surely not a very tame reflection upon the intelligence of these classes, but when we hear the so-called Christian minister upholding such a system of class legislation, it is evident that at least so far as such religionists are concerned, Mr. Buell did not “reckon without his host.”

Now we have no more right to condemn the men who have taken advantage of our banking laws than we have to condemn the liquor seller who complies with the requirements of the liquor law. They are both law-abiding citizens, both doing a legitimate business. The trouble is not with the individuals, but with the law. Comparatively few men will be better than the law makes them. So long as robbery is legalized, we must be afflicted with robbers. This morning the country is horrified with the news of a shocking railroad disaster, and the horror is magnified by the rumor that ghouls in human form perpetrated the most fiendish robberies upon the dead and dying ; indeed it is even asserted that these fiends planned the disaster for the sole purpose of robbing the victims. But we have another picture. The life of our nation is trembling in the balance. A million of armed men face each other on the battlefield, the roar of artillery and the thunderous note of the cannon send desolation to thousands of stricken households ; our country is one vast graveyard, and the land is red with fratricidal blood. In our nation’s capitol are assembled the law makers of the land ; among them are those who encouraged and urged on the war, who declared that “ a nation is not worth a curse without blood-letting.” These are they who sat in our congressional halls and speculated upon the most effectual means of robbing the widows and orphans of these dead and dying soldiers, who instituted laws by which the children and children’s children of these helpless soldiers should henceforth become their wage-slaves, and the bondmen of their children through all generations. Laws which, unless repealed, are destined soon to crush out the liberties of the people and the life of our Republic. Theirs was legalized robbery—the railroad bandits wrecked only a train—but these a nation.

## CHAPTER IV. CONTRACTION.

THE third scheme of robbery was that of *contracting the currency* by destroying the greenbacks. In pursuance of this plan the act of April 12, 1866, was passed whereby it was provided that a regular and systematic cremation of greenbacks should take place.

Let it be remembered that upon this government money the greenback, the people did not pay interest. It was backed by the government, which made it safe and reliable, and issued in sums convenient for small as well as large business transactions. The money monger, with \$1,000 in greenbacks, had found it necessary to employ that money in order to derive any profit from it. This added to his care, which apparently was the very thing he sought to avoid ; investments in commerce and manufacturing required his personal supervision ; investments in houses and land incurred taxation, risks, and often loss ; but investment in bonds seemed quite suited to his esthetical tastes, for they returned a rich golden harvest, without any of the annoyances of taxation, insurance or even the care of looking after his investments.

Is it any wonder he hailed with joy the contraction policy, and gladly gave his \$1,000 in greenbacks (to be consigned to the furnace), in exchange for a \$1,000 untaxed, interest-bearing bond ? But what of labor seeking employment ? Shylock has invested his property in bonds, he has no need of labor ; true, labor must pay the interest on his bonds, but he has no employment for it. While this \$1,000 was in government money it could have given two men employment in some profitable business ; but with his money invested in bonds, he kicks labor into the street and growls about the inefficiency of the tramp law. He does nothing whatever to advance the interests of labor, but drains its life-blood in payment of his everlasting interest. By investing the \$1,000 in bonds it is taken from circulation. There is \$1,000 less for the people to do business with, and \$1,000 more for them to pay interest upon.

Again, by contracting the volume of money it lowered the prices of other property and added that much more to the burdens of the debtor class. For instance, Mr. Burt bought a farm for \$6,000, when wheat was \$2 per bushel. He paid \$3,000 cash, and placed upon it a mortgage for the remaining \$3,000, which he expected to pay with wheat at \$2 per bushel. A part of the \$3,000 cash invested in the farm was Mr. Burt's savings from his services in the army. He was a good soldier and bore testimony of having seen active service. He was one of the first to enlist, and stood by the old flag until the last shot was fired, then he returned home, determined to spend the remainder of his days in the enjoyment of that peace so nobly won ; accordingly he purchased his farm, little dreaming of the vicissitudes that awaited him.

Before the first pay day came the money of the country had been contracted 25 per cent, the price of wheat had been reduced in the same ratio, from \$2.00 to \$1.50 per bushel. Neither the debt nor interest had in any way been contracted, and Mr. B. found it necessary to hire \$250 to make up his payment. He had not been disappointed in his wheat crop, it was even better than

he expected, but for some inexplicable reason the *price* was not what he expected. He was told there had been an over-production of wheat, that the supply was greater than the demand ; and yet he knew that one of his neighbors, a day laborer, had never been so hard pushed to keep the wolf from the door. The laborer was sober and industrious, Mr. Burt had often employed him ; but since the price of wheat had declined, he must economize, and the first step in economy was to reduce the wages of his “help.”

When the next payment came due, wheat brought but \$1 per bushel, and Mr. Burt was obliged to hire \$500 to meet his payment. In applying to a national banker for assistance, he found that “money was scarce, but he would try and get it for him at one per cent a month.” Mr. Burt concluded to look farther, and after a long search found a “friend” who decided to let him have the amount at 10 per cent in *advance*. This, taken from the \$500, left him \$450. The other \$50 was made up by selling a few sheep and the best cow. Heretofore the butter had furnished Mrs. B. the means for keeping the children respectably clothed, but now the cow had gone and there was no means of replenishing their clothing. Susan, John, Willie and even little Mary, were extremely sensitive, and when their clothes began to be shabby their fondness for the Sunday school declined. Mr. Burt did not renew his church subscription that year, and it was very uncomfortable for him to sit in his pew and hear the minister preach about the worldly minded man, who thought more about the price of wheat than of his soul’s Salvation, and who grew so avaricious that he would not subscribe for the support of the gospel. Mr. Burt listened to what the preacher said, but his heart grew hard, his clothes grew shabby, and his attendance at church grew infrequent and finally ceased altogether.

A few weeks before the third and final payment came due, Mr. Burt sold his wheat at 75 cents per bushel ; a fine crop, but it failed to meet the requirements of the contract, foreclosure followed, and Mr. Burt and family were turned penniless into the street. Setting out in search of work he unfortunately reached Michigan just after her tramp law had taken effect. Wandering from place to place, shabbily dressed and “without any visible means of support,” he was finally arrested for vagrancy, and sent to the penitentiary. Disheartened and overcome by a feeling of disgrace, he soon sickened and died. His friends, ignorant of his whereabouts, knew nothing of his sad fate. Twenty-four hours after his death, on a bleak December day, a rough wooden box was landed at the basement window of the medical department of the Athens of Michigan, and a few days later a subject with care-worn look and locks prematurely grey, was laid upon the dissecting table. The students jocosely remarked that “the old fellow must have been a soldier, judging from the number of scars upon his person.” But there was one student who did not join in the merriment of his companions. He earnestly scanned the features of the dead man, and half an hour after the dismissal of the class a missive was winging its way to the state penitentiary. The next day the expressman brought a little package to the serious student. He opened it with trembling hands ; alas, his conjectures were realities. The package contained a few articles of clothing, and in a little soiled packet he found some mementoes from his father’s house, among them the picture of a beautiful maiden, his sister Mary, and by her side a young man in soldier’s uniform. The blood curdled in his veins. He remembered when that picture

was taken, though only a child ; the occasion was indelibly fixed upon his mind. It was the day that his sister was married to the soldier—Joseph Burt—the pauper of yesterday, the victim of the dissecting knife. Spared from the shot and shell of the battlefield to die a pauper's death, and to suffer a fate that none but criminals should ever know. Ah, my country ! where is thy gratitude ?

Through the contraction of the currency Mr. Burt's debt was doubled, and what is true of this unfortunate debt is equally true of the debt of the government. Notwithstanding John Sherman said to the laboring people of Ohio less than a year ago that "the debt is nearly paid off," yet it is a fact that this debt is a greater burden upon us today than it was at the close of the war. That is, our debt-paying power has been reduced in a far greater ratio than the debt itself, and today it would take more bushels of wheat, more tons of hay, or more bales of cotton, to pay our national debt than it would have taken at the close of the war. What is true of the debt is equally true of the interest, and notwithstanding we have paid interest enough to have twice paid the original debt, it will take more pounds of beef, pork, or wool, more day's labor to pay our interest this year than it took in 1866. The effects of contraction on the morals of the country is briefly depicted by a Georgia editor as follows :

In 1868 there was about \$40 per capita of money in circulation ; cotton was about 30 cents a pound. The farmer then put a 500 pound bale of cotton on his wagon, took it to town and sold it. Then he paid \$40 taxes, bought a cooking stove for \$30, a suit of clothes for \$15, his wife a dress for \$5, 100 pounds of meat for \$18, 1 barrel of flour for \$12, and went home with \$30 in his pocket. In 1887 there was about \$5 per capita of money in circulation ; this same farmer put a 500 pound bale of cotton on his wagon, went to town and sold it, paid \$40 taxes, got discouraged, went to the saloon, spent his remaining \$2.30 and went home dead broke and drunk.

There is no doubt but it was the avowed policy of the party in power to retire from circulation and utterly destroy every dollar of greenback currency. Words are inadequate to express the horror that such a movement would have precipitated upon the people. It is enough to know the results of ten years of such legislation. Ten years in which our government circulation was reduced nearly fourteen hundred million dollars, and swept into the vortex of financial ruin thousands and tens of thousands of our grandest and truest men. In the words of a philanthropic journalist we will review the history of the ten years of contraction :

On the 12th day of April, 1866, congress passed a law authorizing the secretary of the treasury to sell 5-20 bonds, and with the proceeds *retire United States currency, including greenbacks.*

On Dec. 4, 1866, E.G. Spalding, a Buffalo, N.Y., banker, a member of congress, wrote to Secretary McCulloch as follows :

You, no doubt, now, to a certain extent, *have control of the currency of the country*, and I think that you will, of necessity, *contract moderately*, so as to preserve a *tolerable easy money market*. There may be *occasional spasms or tightness* for money, but generally, I shall look for plenty of money, for *at least one year to come.*

When this letter was written the country was in possession of \$1,996,687,770 currency.

During this year, there were but 520 business failures in the whole country, involving a loss of

but \$17,625,000.

Labor was well paid and fully employed.

1867.

This year the work of contraction was vigorously pushed, and there were 2,386 failures, with a total loss of \$86,218,000.

1868.

During this year, \$473,000,000 of money was destroyed, and failures increased to 2,608, with a loss to creditors of \$63,774,000. Money began to be tight, and financial "spasms" were frequent.

1869.

During this year over \$500,000,000 of money passed into the cremation furnace, producing 2,799 business failures, and a loss of \$75,054,900. Money growing tighter and wages lower.

1870.

This year \$67,000,000 of money was destroyed, and 3,551 failures took place, involving a loss of \$88,242,000. Money very scarce and wages of labor were reduced all over the country.

1871.

Thirty-five millions of money this year is retired, with 2,915 failures and a loss of \$85,250,000. More men out of work and wages cut down.

1872.

Only about \$12,000,000 was destroyed this year, but such had been the strain upon the business of the country for the past five years that this proved the last straw to 4,069 business firms, involving a loss of \$121,058,000. More cutting of wages and strikes talked of.

1873.

This year the storm reached its climax. Business had hoped that, with every returning season, prospects would brighten and money would become plenty. Instead of this, however, notwithstanding but \$1,609,000 were destroyed, the people became panic-stricken, and 5,183 business firms were precipitated, with a loss of \$228,499,000. Five hundred thousand men are thrown out of employment, wages cut down all over the country, and strikes are of frequent occurrence.

1874.

Notwithstanding the terrible results of the last year, the wine-press of contraction still creaks on its hinges of death, as round and round it sweeps out of circulation \$75,484,000 certificates of indebtedness, which have been made legal tender money, \$85,760,000 treasury notes, \$6,335,045 legal tenders, \$3,000,000 fractional currency, and \$1,000,000 bank notes, producing 5,832 failures, and a loss of \$155,239,000 to creditors. A million idle men began to tramp in search of work.

Wages still decline and strikes more numerous.

1875.

The volume of currency, this year, was contracted \$40,817,418 and the failures reach 7,740, with loss to creditors of \$201,060,000. Two millions of laborers out of work. Famine and hunger begin to stare them in the face, and “tramping” becomes a profession.

1876.

According to the most reliable estimates, the contraction of the currency this year, in the destruction of greenbacks, and the withdrawal of bank currency amounts to about \$85,000,000, with 9,092 failures, and \$191,000,000 loss, during the *first quarter of the year*. The aggregate failures of the year reached over 10,000, with losses not less than \$300,000,000. This does not include losses to stockholders, by foreclosure and sale of railroads.

What a record for ten years ! Who wonders times were hard, and men idle ? Still with all this array of wreck and ruin, with the finger-board of contraction at the close of each year, pointing to the cause, the people were asleep, or on their knees praying for some interposition of Providence in their behalf, while John Sherman went marching on with the torch of death, to burn the remaining \$300,000,000 of the the people’s money.

Three million men are out of employment.

Bankruptcies multiplying with great rapidity.

The tramp nuisance culminates.

Wages are cut down to starvation prices.

Strikes, riots and general consternation seize the people, and the circulation is cut down to \$606,000,000.

1877.

The red torch of the vandal lighted up the country from Pittsburg to Chicago. These are the footprints of the red-mouthed despots, the money power, which is still forging chains for the limbs of American industry, with a view to enslaving the American populace by robbing them of their homes and firesides, and thus controlling their life, liberty, and pursuits of happiness by controlling their wages through the control and monopoly of money.

These are God’s truths which the people can heed and be saved, or heed not and the Republic be lost.

**CHAPTER V.  
CREDIT-STRENGTHENING ACT.**

BUT we have not yet completed the enumeration of crimes perpetrated against the people of this country through this infernal system of legalized robbery. Having purchased their bonds with government money, depreciated from 38 to 60 per cent (on account of the exception clause) and having exempted them from taxation, with advanced interest payable in gold, it would seem that the climax of audacity had been reached. But who can fathom the greed of the money shark, or set bounds to the voracity of a civilized brigand

The fourth act in Shylock's tragedy, by which the government and this great people were sacrificed, is familiarly known as the *credit-strengthening act*, by which the 5-20 bonds were made payable in coin. This act, approved March 18, 1869, added to the burdens of the people more than six hundred millions of dollars. It is claimed by many bond holders and their leaders, that the act which authorized the issue of these bonds made them payable in gold. But there is no such possible interpretation of the act, and if they were issued payable in gold in the first place why did they pass the credit strengthening act of 1869 ? The very fact that they passed that act four years after the close of the war, when the country was at peace with the world and itself, is proof beyond question that they were at first made payable in legal tender, and that this law was passed for no other purpose than that of doubling the wealth of the bond holder, which, of necessity, must and *did* double the burdens of the people. Further, we have undeniable proof that the act was secured through the most soulless strategy, and that Grant, Sherman and Morton were parties to it. There is not the slightest doubt but that Grant's election to the presidency, and Sherman's appointment to the treasury were secured through their pledges to obtain the passage of this infamous act. Those who opposed the measure were denounced as repudiators, and in his inaugural address Grant warned his party that no repudiator of one farthing of the public debt would be trusted in public place. Immediately upon his inauguration an extra session of Congress was called. The first bill presented, the first bill passed, the first act approved, the first document signed by President Grant was this infamous credit-strengthening act, by which the people who placed him in power, were robbed of millions of dollars. Circumstantial evidence also proves beyond doubt that the election of Grant and the defeat of Seymour was a bargain and sale between the leaders of the old parties, and the most villainous betrayal of public trust ever practiced upon an unsuspecting people. There had been an attempt to pass the credit-strengthening act during the session of 1867 and 1868 but it failed. During its pending, a presidential nomination and election took place. The Democratic party nominated Horatio Seymour on a platform opposed to the coin payment of currency obligations. The Republican party nominated U.S. Grant on the urgent solicitation and petition of forty capitalists of New York City.

August Belmont was chairman of the Democratic national committee ; he was also agent of the

Rothschilds, who were in possession of several hundred millions of the 5-20 bonds, and particularly interested in the credit-strengthening act. As early as March 13, 1868, Baron James Rothschild instructed August Belmont that unless the Democratic party went in for paying the 5-20 bonds in gold it *must be defeated*. The first step was to have the convention held in New York City, and it convened July 4, 1868. Belmont was unable to control the convention, or at least that part of the platform pertaining to the coin payment of bonds. But besides being chairman of the Democratic national committee, he also owned a large interest in the New York *World*, the leading Democratic paper in the country. Although he had made a sale (doubtless a sham) of his interest in the paper, he could still control it more easily than he could control the Democratic convention, and on the 15th of October, only a few days before election, it came out with a double-leaded editorial denouncing Seymour as unavailable and unfit for president and advised his withdrawal.

This action had the effect for which undoubtedly it was intended, that of demoralizing the Democratic party on the eve of election, thus insuring the election of Grant, who had pledged himself to the money power. During the previous session of Congress, Oliver P. Morton made a speech in which he said :

We would do foul injustice to the government and to the people of the United States after we have sold these bonds, on an average of not more than sixty cents on the dollar, now to propose to make a new contract for the benefit of the bond holder.

Hon. Thad. Stevens, in speaking of the insatiate demands of the money bond-interest said :

We were foolish enough to grant them gold interest, and now they unblushingly demand further advantages ; the truth is, we can never satisfy their appetite for money.

And on his death bed, said :

Yes, we had to yield. The Senate was stubborn. We did not, however, until we found the country must be lost or the bankers gratified. And we have sought to save the country in spite of the cupidity of its wealthier citizens.

Ben Wade, of Ohio, in a letter written at Washington, Dec. 13, 1867, expressed himself as follows :

I am for the laboring portion of our people, the rich will take care of themselves. \* \* \* \* We never agreed to pay the five-twenties in gold ; no man can find it in the bond, and I will never consent to have one payment for the bond holder and another for the people. It will sink any party and it ought to.

In regard to this policy, John Sherman, in a speech delivered Feb. 27, 1867, said :

*I say that equality and justice are amply satisfied if we redeem these bonds at the end of five years in the same kind of money, of the same intrinsic value it bore at the time they were issued.*

Gentlemen may reason about this matter over and over again, and they cannot come to any other conclusion at least that has been my conclusion after the most careful consideration. Senators are sometimes in the habit, in order to defeat the argument of an antagonist, of saying that this is repudiation. Why, sirs, every citizen of the United States has conformed his business to the legal tender clause. He has collected and paid his debts accordingly.

And in a letter dated Feb. 20, 1868, he said :

Your idea that we propose to violate or repudiate a promise when we offer to redeem the principal in legal tenders is erroneous. I think the bond holder violates his promise when he refuses to take the same kind of money he paid for the bonds.

The bond holder can demand only the kind of money he paid, and he is *a repudiator* and *extortioner* to demand money more valuable than he gave.

John Sherman, at that time, was comparatively a poor man and, no doubt, an honest man ; his appetite for pelf had not been awakened, or at least, to that degree which permitted him to sacrifice honor in its getting.

In 1875 John Sherman said, “ We are following in the footsteps of England,” and no one knew better than he the scheme that had brought us to that deplorable condition. In 1879 this same John Sherman, then a millionaire, in a speech made in Toledo, said that “ To *refuse* to pay the bonds in gold would be repudiation and extortion, and would be scoffing at the blessings of Almighty God.” Think of it ! A man becoming a millionaire out of a \$5,000 salary, and then talk as if he had anything to do with Almighty God. But as John Sherman grew rich, the country grew poor ; merchants were driven to bankruptcy, farmers were driven into debt, and finally off their farms. Workmen were driven out of employment, and tramps thronged the highways. Despair and ruin sat enthroned in the hearts and homes of this great people.

The above let it be remembered, is testimony from leading Republicans of that time, but who, upon the election of Grant to the presidency, either sealed their lips upon this subject or, like Sherman, openly and shamelessly advocated the abominable swindle.

Here let me add, that when the bill passed, legalizing this gigantic robbery, there were 189 bankers, and many bond holders in the two houses, while as lobbyists and agents of the heavy bond holders there was an army of workers and feed attorneys, all working for the passage of that atrocious bill, while honest industry was powerless in self-defence. One shudders to think of these vandals in the temple of our liberty. They desecrated the sanctuary of our fathers, and despoiled the heritage of their children.

The blood curdles to think of Washington and that fratricidal conspirator at the head of the same government.

## CHAPTER VI. REFUNDING.

THE next and fifth step in the infernal scheme was that of refunding the national debt. Few people ever comprehended the enormity of that crime, and never was there a deeper laid plot to reduce a people to abject and hopeless servitude.

This act, approved July 14, 1870, provided for the refunding of the national debt. In other words, it was a scheme to perpetuate the debt and a plot against the people to keep them forever under the yoke of bondage. Webster's definition of the funding system fully expresses the design of Congress in passing this act ; he says : To fund—to put into the form of bonds or stocks bearing annual interest. To refund is to renew these bonds or stocks, perhaps under a new contract, which changes the rate of interest, though the interest continues. Funding system is “a scheme of finance or revenue by which provision is made for paying annual interest on a public debt.” Mark you, it is a *scheme*, and no provision is made for paying the debt itself. The refunding of this bonded, untaxed, interest-bearing debt is a calamity upon this people, for it has placed the burden beyond the control of the generation that created it ; we have already paid interest enough to have twice paid the debt, and yet today it is a greater burden upon the people than it was at the close of the war.

The evil effects of this system are at this time especially apparent. With money enough in the treasury today half the public debt, the people are debarred this privilege, because the villainous act of refunding has postponed the time of payment from ten to twenty years. In consequence of this nefarious act, about \$750,000,000 of the debt cannot be paid until 1907.

Consequently, with an enormous sum of money lying idle in the treasury (or what is still more intolerable, deposited with national banks which have been granted its free use for more than twenty years) the people are not only deprived of its use in their business, but are still compelled to pay interest upon the entire amount.

Now, would you have any confidence in the business ability of a man who would so arrange a large indebtedness that he should continue to pay interest upon the entire debt after he had accumulated the means for liquidating a large part of it ? And yet this is the very policy embodied in the funding act of 1870. And further, the same party that enacted this law is today putting forth every effort for the expenditure of this surplus, in any and every other way than that of liquidating the national debt. The Direct Tax bill, the Educational bill, the River and Harbor bills, the Pension bills, bills to provide for coast defences, and other innumerable bills for disposing of the surplus are, in the main, schemes concocted for the sole purpose of using this surplus in such a way as to prevent the payment of the bonds and to continue the infernal system of taxation which is wringing the life blood from the people, and which affords the only plausible pretext for maintaining party lines between the two old organizations.

But this is not all ; during the present session of Congress, the indomitable Weaver has made

the startling discovery that this funding bill never passed Congress in the form in which it appears upon the statute books. By the changing of a single word the import of the entire bill was so changed as to make the four per cent bonds payable only *after* thirty years, instead of previous to that time. The anarchism of 1887, under its worst construction, sinks into insignificance before the light of such diabolical assassination of law.

The object of funding our debt was to establish a bond system on the same plan of England's bonded debt. England's debt, which commenced with the same infamous banking system which we have adopted, was established two centuries ago. The interest on her debts supports a few idle aristocrats, but it has reduced to ignorance and degradation millions of her toiling people. Another object of funding our debt was to build up a moneyed oligarchy, and an aristocracy of wealth to compete with that of our ancient foe.

That those who have long controlled our government are determined to carry out their plan does not admit the slightest doubt. The bill of Congressman White, now pending, to refund the entire national debt into a fifty-year 2½ per cent bond, also the bill of Senator Farwell to perpetuate the national banks, adds to the evidences of their determination to saddle this interminable burden upon the American people.

There is but one interpretation to the funding act ; its object is to compel our children and children's children, through all generations, to serve the children of these bond holders. Voter, is this the legacy you intended to bequeath to your children ? Is this the liberty they are to thank their fathers for ? Born slaves to aristocrats ! And yet this is the inheritance the money king would bequeath to the posterity of labor in America ; this is what the old parties are asking you to do ; this is what for twenty-five years you have been doing, bartering away this blood-bought inheritance, selling the birth-rights of your children. And what have you received in return ? Mortgaged homes, endless taxes, unremitting and unrequited toil. Is this any better than the inheritance of slaves ? And will you permit this bondage to continue ? Are the ties of party so dear that liberty, home and family must be sacrificed upon its altar ? In the name of your homes and the children that bless them ; in the name of thousands of homes, and tens of thousands of wrecked and ruined lives I entreat you to break this party thralldom and smite down this iniquitous legislation.

**CHAPTER VII.  
DEMONETIZATION OF SILVER.**

HAVING refunded and made payable in coin the bonds which had not cost their holders more than sixty cents on the dollar, the casual observer is satisfied that the last robbery has been perpetrated. But the busy brain of avarice is ever reaching out, not after new truths, but for gain, *gain*, GAIN ; and we next find these civilized brigands have consummated a scheme for the *demonetization of silver*. This act, passed, in 1873, destroyed the money quality of silver, and thus produced a farther contraction of the currency. The object of this act was first to prevent the payment of the bonds, and second to increase their value.

Never in this country had there been an investment so safe and yet so reliable. Shylock, with his hoarded millions, could rest on beds of down. Neither fire, flood, mildew nor blight brought anxiety to him. He seemed to rest in assurance of the Divine favor, having obeyed the injunction to “lay up his treasure where moth and rust could not corrupt, nor thieves break through and steal.” Indeed, the entire country had become sponsor for his wealth, for under the law every producer and millions of wage-workers had been instituted a vigilance committee to look after his welfare. Why should he not be opposed to having his bond investment disturbed ? The government held that property in safe keeping and did not charge a cent for the favor ; it collected his interest and paid it over to him free of charge ; it paid his gold interest in advance and exempted him from taxation ; the insurance agent and tax gatherer were strangers to him, they did not molest or make him afraid, and being thus fortified, he was content to let the producers of wealth eke out a miserable existence while he fared sumptuously every day. But it was not the American capitalist alone who entered into this murderous scheme for demonetizing silver. In the *Banker’s Magazine* of August, 1873, we find the following on this subject :

In 1872, silver being demonetized in France, England and Holland, a capital of \$500,000 was raised, and Ernest Seyd of London was sent to this country with this fund, as agent of the foreign bond holders and capitalists, to effect the same object (demonetization of silver), which was accomplished.

There you have it, a paid agent of English capitalists sent to this country with \$500,000 to buy the American Congress and rob the American people. In corroboration of this testimony we read from the *Congressional Globe* of April 9, 1872, page 2804, these words :

Ernest Seyd of London, a distinguished writer and bullionist, who is now here, has given great attention to the subject of mint and coinage. After having examined the first draft of this bill (for the demonetization of silver) he made various sensible suggestions, which the committee adopted and embodied in the bill.

So says Mr. Hooper, who, at that time, was chairman of the committee on coinage, but I will further add that I heard Hon. Gilbert De Lamartyr say that Judge Kelly told him that he (Kelly) saw the original draft of the bill for the demonetization of silver, and it was in Ernest Seyd's own handwriting. God of our fathers ! A British capitalist sent here to make laws for the American people. England failed to subjugate us by the bullet, but she stole into our Congressional halls and by the crafty use of gold, obtained possession of the ballot, and today, American industry pays tribute to England, despite our blood-bought seal of independence. Not only did the demonetization of silver prevent, or at least retard the payment of the bonds, but it added to the value of the gold in which these bonds were then to be paid. Every dollar taken from circulation adds to the value of that which is left, hence the demonetization of silver increases the value of gold. After England had demonetized silver, our silver dollar, containing 412½ grains, was not worth as much in that country by at least ten cents on the dollar, as our gold dollar containing 25.8 grains of gold. By destroying the money value of silver, bonds became payable in gold only, thus adding immensely to their value. A British capitalist, holding \$100,000,000 of our four per cent bonds, received an annual interest of \$4,000,000, which paid in standard silver would be worth ten per cent, or \$400,000 less than it would be if paid in gold. This would make a difference in his daily interest of \$1,096. Is it not clear why English capitalists were anxious for the United States to demonetize silver, and why they could afford to send Ernest Seyd to this country with a capital of \$500,000 to accomplish this object ? Just here will the reader stop for a moment and consider why the Rothschilds, who control the financial policy of England, as the brokers and security-holders of America control ours, why they could afford to pay, not only the paltry half -million with which they bought the demonetization of silver, but many millions more had it been necessary ? Our civil war opened the eyes of England. She knew that her welfare nay, almost her existence, depended upon America's supply of cotton, meat and cereals ; these were liable to fail, either in rebellion at home or in war with foreign nations. But she was the world's great creditor, for she held the bonds of all nations, and if she could make them payable in the dearest money in the world, it would enhance her securities many millions, and if she could insure herself an ample supply of wheat and cotton she would be independent of us under all circumstances. Now, since she owned and controlled all India, that great wheat and cotton country, she saw that, with India's cheap labor and the demonetization of American silver, she would have a double leverage over America and her productions. Silver money is used exclusively in India. England coins that money, and if, with eighty cents, she could buy silver, stamp and pass it for a dollar in payment for India's wheat and cotton, she not only gained the 20 per cent from her own subjects, but in consequence of the demonetization of silver in America, her debtors here were compelled to pay her at least ten per cent more than they would have paid had not silver been demonetized. Let it also be borne in mind that this discount, whether much or little, was so much new capital with which to open up the interior of India to compete with America and her productions. The injury to the people of this country through the demonetization of silver can never, perhaps,

be justly estimated. The panic of 1873 which ensued, was one of the most disastrous that ever befell any people. Language fails in a description of the blighting misery that desolated the country ; the ravages of war are scarcely comparable with it. From the demonetization of silver, in 1873, to its remonetization in 1878, may well be called the dark days of our Republic. Bankruptcies and financial disaster brought in train their legitimate offspring ; and the statistics of those and the ensuing years are voluminous with the most startling and loathsome crimes. Murder, insanity, suicide, divorce, drunkenness and all forms of immorality and crime have increased from that day to this in the most appalling ratio. Will any man say that legislation has had nothing to do with the startling increase of crime in our country ? Every result is produced from certain causes, and it is certain that no more like begets like than that the increase of misery and crime in our country are the direct results of evil legislation. And it is impossible for a nation long to remain free whose laws are made granting special privileges to the few and ignoring the rights of the many. The contraction of the currency, commencing with the destruction of the greenbacks in 1866, and the stringency increased by the demonetization of silver in 1873, has been productive of more misery and crime to the people of this country than all the wars, pestilence and famine with which they have ever been afflicted. In regard to the policy of contraction, Prof. Walker, of Yale College, who is not a politician, nor a statesman, but a cool, unbiased writer and teacher, says :

When the process of contraction commences, the first class on which it falls is the merchants of the large cities, they find it difficult to get money to pay their notes ; the next class is the manufacturer, the sale of his goods at once falls off ; laborers and mechanics next feel the pressure, they are thrown out of employment ; and, lastly, the farmer finds a dull sale for his produce ; and all, unsuspecting of the real cause, have a vague idea that their difficulties are owing to the hard times. \* \* We have become so familiar with these periodical revolutions in trade, that we look upon them as the natural phenomenon of business, but it is not so.

Ricardo, another eminent writer on political economy, says :

That commodities rise in price in proportion to the increase or diminution of money, I hold to be a fact that is incontrovertible.

John Stewart Mill says :

If the whole volume of money in circulation were doubled, prices would double.

The money commission, created August 15, 1876, consisting of three United States Senators, three members of the House, and three secretaries, made a report March 2, 1877, in which appear these words :

“ That the disasters of the Dark Ages were caused by decreasing money and falling prices, and that the recovery therefrom and the comparative prosperity which followed the discovery of America

were due to an increasing supply of the precious metal and rising prices, will not seem surprising or unreasonable when the noble functions of money are considered. Money is the great instrument of association, the very fiber of social organism, the vitalizing force of industry, the protoplasm of civilization and as essential to its existence as oxygen is to animal life. Without money civilization could not have had a beginning, and with a diminishing supply it must languish and unless *relieved finally perish.*”

“Falling prices and misery and destitution are inseparable companions.” It is universally conceded that falling prices result from the contraction of the money volume. *U.S. Monetary Commission, Vol. 1, p. 50.*

Again p. 51, “The highest moral, intellectual and material development of nations is promoted by the use of money, unchanging in its value.”

Here we have the conclusion of nine prominent statesmen, who, after an exhaustive examination, emphatically declare that the “true and only cause” of the calamities that have befallen the people is “the shrinkage in the volume of money.” To whom, then, shall we charge these calamities that have come upon us like a flood? Is it the extravagance of the people? Is it because too many of the necessaries of life have been produced? Because the farmer has been too industrious and prudent, or the manufacturer employed too many laborers in the production of his commodities? Is it because millions of children are employed in the mines and factories of the country, denied every blessing and privilege of childhood? Is it because the dram shop is sucking away the sustenance of thousands of families, and bringing desolation into their homes? Is it because women are selling their souls to keep their bodies from starving, or because a band of train robbers are infesting the country and sending terror into the hearts of the people? No, it is none of these circumstances that have brought such disaster upon our country, but it is a selfish and criminal legislation that has overwhelmed us with these alarming conditions.

When the fiend of civil war was desolating the land, when the great heart of the nation throbbed in agony, and the people were bowed in mourning, then a band of men, with murderous purposes, went, not into the battlefield, but into the very sanctuary of our country, the holy place of government, and there, under the guise of patriot and benefactor, pillaged the soldier, and plotted the most diabolical scheme of robbery that ever blackened a historic page. Who were these men? Ah, history is writing their names in a most damning record, they are drenched with the blood of martyred children, and the agonizing cry of forty millions of enslaved people is ascending continually day and night. Do you ask for evidence that this people were deliberately robbed by a band of men at the head of our government, who were in league with the money power of Europe? If so, please read and ponder the “confidential” circular which was issued in 1862 by English capitalists, who commissioned one Hazzard, a London banker, to propagate its principles among American bankers with a view of having the financial legislation of Congress pave the way for its final adoption as the settled policy of this nation. How well they succeeded is best told by millions of wrecked fortunes and ruined homes. Here is the infernal document :

Slavery is likely to be abolished by the war power, and chattel slavery destroyed. This, I and my European friends are in favor of, for slavery is but the owning of labor, and carries with it the care for the laborer ; while the European plan, led on by England, is capital control of labor, by controlling wages. This can be done by controlling the money. The great debt that capitalists will see to it is made out of the war, must be used as a measure to control the volume of money. To accomplish this the bonds must be used as a banking basis. We are now waiting to get the secretary of the treasury to make his recommendation to Congress. It will not do to allow the greenback, as it is called, to circulate as money any length of time, for we cannot control that.

About the middle of the present century Sir John Lubbock, of England, declared :

There is likely to be an effort made by the capital class to fasten upon the world a rule through their wealth, *and by means of reduced wages* place the masses upon a footing more degrading and dependent than has ever been known in history. The spirit of money-worshippers seems to be rapidly developing in this direction.

A few years later Abraham Lincoln reiterated the same sentiment in his message to **Congress in 1861**. (See Barrett's Life of Lincoln, pages 309 and 310.) This important warning is omitted in the later histories :

Monarchy itself is sometimes hinted at as a possible refuge from the power of the people. In my present position I could scarcely be justified were I to omit raising a warning voice against the approach of returning despotism. There is one point to which I ask a brief attention. It is the effort to place *capital* on an equal footing with, if not above *labor*, in the structure of government. \* \* Let them beware of surrendering a political power which they already have, and which, if surrendered, will surely be used to close the door of advancement against such as they, and to fix new disabilities and burdens upon them, till all of liberty shall be lost.

These are the words of warning from our country's sainted martyr, but alas, how little heeded. Again near the close of the war, in reply to a letter from a friend in Illinois, President Lincoln said :

Yes we may all congratulate ourselves that this cruel war is nearing its close. It has cost a vast amount of treasure and blood. The best blood of the flower of American youth has been freely offered upon our country's altar that the nation might live. It has been indeed a trying hour for the republic ; but I see in the near future, a crisis approaching that unnerves me and causes me to tremble for the safety of my country.

As a result of the war corporations have been enthroned and an era of corruption in high places will follow, and the money power of the country will endeavor to prolong its reign by working upon the prejudices of the people until all wealth is aggregated in a few hands, and the Republic is destroyed. I feel at this moment more anxiety for the safety of my country than ever before, even in the midst of war. God grant that my suspicions may prove groundless.

What a wonderful prophecy, and how terribly it is being fulfilled.

**CHAPTER VIII.  
RESUMPTION.**

WOULD to God that the record of atrocities against this nation might end here ! But no, with the people crushed and staggering beneath the burdens imposed upon them through the preceding robberies, we next find these vampires in Congress inflicting a seventh scourge upon the people by means of the resumption act.

This act, passed January 14, 1875, authorized the secretary of the treasury to destroy the fractional currency, and issue silver coin in like denominations to take its place. The people had found the fractional currency convenient, not only as a medium of exchange at home, but especially cheap and convenient for small remittances in trade. The destruction of this money was a serious injury to the business men of the country. For without fractional currency, even small remittances incurred the expense of a draft or money order. But Congress appeared to be looking after the interest of the money-monger and not to the prosperity of the country.

It next became necessary to issue bonds with which to purchase the silver bullion authorized for coinage. Let it be remembered that these were untaxed, interest-bearing bonds, and of such large denominations that only capitalists were able to carry them, while to the debt-ridden people was added the interest of these very bonds, which could only exist by the destruction of the greenbacks and fractional currency upon which the people paid no interest.

The restoration of silver as a medium of exchange was a great triumph to the unthinking masses and greatly increased their confidence in the governmental policy, but to those who studied the situation the jingle of silver was another death-knell to the prosperity of the country. Is it not clear that by destroying a non-interest bearing currency, as the greenback, and substituting an interest bearing bond, that a burden has been added to the people ? Not to the tax-payer only, but to every consumer of food and clothing. But farther, not only has the resumption of specie added to the burdens of the people, but the whole system is a miserable farce. The people have been told, and the masses believe, that their paper currency is redeemable in specie. But first, the smallest amount redeemable is fifty dollars, and secondly, the only place of redemption is the sub-treasury in the city of New York. Is not this clearly another scheme to advance the interests of Shylock ? The expense of getting to the sub-treasury, together with the large amount required, at once shuts off the masses from any advantage there might be in resumption. The people are told that the national bank currency is redeemable in greenbacks, and the greenbacks in specie ; but the fact is carefully concealed that there is not specie enough behind the paper currency to redeem one-half of it ; and should a crisis arise which gave any advantage to the holders of coin, Shylock would be first at the sub-treasury, while the masses with less than fifty dollars at their command would be compelled to lose any advantage there might be in resumption. Will some "hard money" philosopher rise and explain wherein *the people* have been benefited by resumption ? But it does not require a philosopher to show

wherein their burdens have been increased through this infamous scheme.

John Sherman who was once honest and then opposed this measure, predicted the results in a speech made in 1869, as follows :

It is not possible to take this voyage without the sorest distress. To every person except a capitalist out of debt, or a salaried officer, or annuitant, it is a period of loss, danger, lassitude of trade, fall of wages, suspension of enterprise, bankruptcy, and disaster. \* \* It means the ruin of all dealers whose debts are twice their business capital, though one-third less than their actual property. It means the fall of all agricultural productions without any great reduction of taxes. When that day comes, every man, as the sailor says, will be close reefed, all enterprise will be suspended, every bank will have contracted its currency to the lowest limit ; and the debtor, compelled to meet in coin a debt contracted in currency, will find the coin hoarded in the treasury, no representative of coin in circulation, his property shrunk not only to the extent of the appreciation of the currency, but still more by the artificial scarcity made by the holders of gold. To attempt this task by a surprise upon our people by arresting them in the midst of their lawful business and applying a new standard of value to their property, without any reduction of their debts, or giving them an opportunity to compound with their creditors, or to distribute the losses, would be an act of folly without an example in evil in modern times.

These were the evils that would follow resumption, as prophesied by John Sherman before the clutch of the money power had dwarfed and blackened his soul. Quick to perceive the right with an intuitive love of justice, John Sherman was the natural friend of the people, but avarice perverting his nature, we find him the ready tool of the money power, bartering away his instinctive love of justice and relentlessly antagonizing the interests of the people. His prophecies remain, however, and their fulfillment is undying witness against his degenerate soul. Beasey says :

Slavery is the inevitable result of poverty ; poverty is the inevitable result of low wages ; low wages are the inevitable result of scarcity of currency and an improper system of taxation ; and scarcity of currency and an improper system of taxation are the logical results of an unjust administration of the government.

Besides the testimony of Senator Sherman and Beasey against the infamous measure, I will also add the opinion of Senator Ferry, of Michigan, who, too honest to retract and take issue against the great industrial masses, paid the penalty prescribed by President Grant, and is no longer “ entrusted in public place.” Here are the words of Senator Ferry in regard to resumption and contraction :

It is easy to see why moneyed men want contraction ; the shrinkage then which others must suffer would find compensation in their expanded purses. It would be robbing Peter (the people) to pay Paul (the millionaire).

Never were truer words uttered ; the shrinkage which followed contraction ruined thousands,

while the moneyed class, without an effort, actually doubled their wealth. Again **Senator Ferry says** :

The universal distress and unparalleled failures which have followed these past years of trial, must sadly record the severity of the process, which has brought the country so near resumption and so close to financial ruin.

Through the process of contraction, all the truths stated by Senator Ferry have been verified, and all the evils predicted by Senator Sherman have befallen this people. Nor is this the end, for the train of evils brought upon us through this infernal legislation is sapping the energies of the nation and rapidly undermining the bulwarks of our Republic. But it is not necessary to quote the opinions of statesmen, politicians, or political economists to prove that the contraction of our currency has been disastrous to our national prosperity. The experience of the American people for the last twenty years has demonstrated most terribly and conclusively that any system of contraction of the currency is fatal to the industry, morality and general prosperity of a nation. According to treasury reports for the last fiscal year there is, all told, in the United States \$1,394,781,000 cash. On January, 1876, Treasurer Jordan reported in the United States treasury \$601,102,318.10 (page 45), since that date the hoard has increased at least \$100,000,000. He also reported in banks \$369,475,385. Total locked up, \$1,070,577,703, leaving among the people in circulation \$324,103,297. This, divided among 60,000,000 of people, gives us the per capita of each the sum of \$5.40. At the close of the war we had in circulation about \$2,000,000,000, including the three per cent treasury certificates, compound interest notes, and 7-30 bonds, which entered into the circulating medium ; and a population of about 40,000,000, this sum divided up gave a per capita to each of about \$50. Nearly ten times as much per capita as we have at present. With these figures before us who can doubt the real cause of business stagnation, and the rapid increase of pauperism and crime ?

Every farmer knows how much more wheat, hay, pork, corn, or wool it takes to *buy a dollar* now than it did at the close of the war, and many of them know by bitter experience how a mortgage of a few hundred or thousand dollars has swallowed up twice that amount invested in houses, lands or any other property except bonded securities. While property in the form of bonds, mortgages, and stocks, has rapidly appreciated in value, every other form of property has depreciated in the same ratio. Only the wealthy classes are able to hold bond, mortgage and stock securities, and for twenty-five years the great struggles in Congress have been to appreciate the value of these investments, which could only be done by depreciating the property of the masses. Consequently we have found the rich amassing colossal fortunes while the laboring classes are sinking to lower and lower depths of degradation. Since a man's social, intellectual and moral status depends largely upon his material prosperity, is not that legislation to be denounced which impoverishes the masses, thus degrading them in all the relations of life ?

**CHAPTER IX.  
CONCLUSION.**

WE have now completed a brief outline of seven atrocious conspiracies against this government ; conspiracies which for boldness of purpose and cruelty of design, are without a parallel in the annals of crime, and all perpetrated within the brief period of thirteen years ; thirteen years in which the powers of darkness sat enthroned in our national capitol ; thirteen years of utter disregard for the rights of the people ; thirteen years in which class-legislation gave birth to more moneyed and monopolistic powers than ever before cursed any civilized people.

Will it be said I have made misstatements in these charges ? In reply I only ask that you search the official records in corroboration of what is contained in these pages. I challenge contradiction of the truths set forth in this little volume. Political tricksters may distort these truths ; capitalists may sneer and public opinion derisively shake its head, but the *truths* remain, and their results are stamped in burning characters upon the heart of a dying nation. The record of the American Congress from February 25, 1862, to January 24, 1875, is a record of the blackest and most heartless crimes. But kind reader, do not for one moment deceive yourself with the thought that this corrupt legislation ceased on that memorable day. Ah, no ; the act of resumption simply completed the infernal machinery by which the money power is crushing out the liberty and lives of the American people. By controlling the finances of the country they have been enabled to form trusts and syndicates which have reduced the people to a wage-slavery more abject and heartless than any chattel slavery that ever cursed God's earth.

The people having slept until this machinery was perfected, have at last awakened from their dream of freedom to find their liberties fettered, and themselves in the grasp of a system of monopolies whose Titanic enginery is crushing out not only liberty, but life itself. And when we consider the fact that the representatives of these monopolies sit in our congressional halls and practically control the United States Senate, that highest law-making power in the land, who does not tremble for the safety not only of our Republic, but of our civilization. The results of this legislation are being universally realized, and fears may justly be entertained that we have already passed the point beyond which our steps may be retraced and our liberties retrieved.

Yes, the people are awakening, but the money power is on guard, they have entrenched themselves at every available point, and are now clamoring for an appropriation to establish a military power. Let us not be deceived ; this cry for an established militia is not to defend ourselves against a foreign foe ; the enemy is within our gates, sitting in the high places of our country. They tell us "the wealth of the country must be protected." Ah, the *wealth of the country requires protection*. It is not labor they would protect ; it is not the oppressed they would have go free, it is not the burden of toil they would lighten, but the *wealth* of the country demands protection. But what is this wealth that cannot be protected without military force ?

Ah, sirs, it is that wealth of which the people have been robbed ; it is the ill-gotten gain of a moneyed oligarchy. It is not the fear of foreign invaders, not the fear that the masses will violate law, but that they will repeal unjust statutes, and restore to the people the inheritance of which they have been so outrageously robbed. Where these robberies will end it is hardly possible to conjecture, but the light is breaking, for God in the multitude of his mercies has raised up a band of sturdy men to stay the dark waters that are overwhelming this people. For twelve years this little Spartan band has stood guard at the mystic pass that leads down to national death. For twelve years the old party Goliaths have stood in awe of this band of Davids, and God has strengthened their arms and multiplied their numbers until there is no place in all this land where their voice is not heard, and where their words do not cause hope to spring up in the hearts of the oppressed.

But spurred on by his appetite for plunder, Shylock still dares to raise his murderous hand against this people. Greed is never satisfied, its ill-gotten gains only serve to sharpen its appetite, and it is ever crying *more*, MORE. Cunning hands, schemeing brains, degenerate souls, still plot the destruction of this Republic. Their next plan is to destroy the \$346,000,000 of greenbacks, which have only been preserved thus far through the untiring vigilance in our national Congress of such men as Weaver, Gillette and the devoted DeLamartyr, aided by the purse, pen and brains of such men as Peter Cooper, Clover, Swinton, West, Norton, Harper, Heath, Berkey, Phillips, Martin, Polk, and an innumerable host whose names are enshrined in the hearts of a grateful people.

Besides the destruction of the greenbacks it is their settled policy to rob us of the silver dollar and place our currency upon a single gold basis. This is another diabolic scheme solely in the interest of the creditor class.

There is not, there cannot be a greater enemy to American producers than John Sherman and that class of men who are devoting all their energies to the destruction of silver as money. With gold as a basis and the banks to issue the paper currency of the country, the people would be entirely at the mercy of Shylock. Indeed, are we not already at the feet of the money power ? The New York *Tribune*, under the management of Whitelaw Reid, said :

The time is near when they (the banks) will feel compelled to act strongly. Meanwhile a very good thing has been done. The machinery is now furnished by which, in any emergency, the financial corporations of the east can act together on a single day's notice with such power that no act of Congress can overcome or resist their decision.

Shades of Horace Greeley ! Can it be possible that the New York *Tribune*, that once powerful advocate of justice, has become so perverted as to call it "a very good thing," that the financial corporations of the east are furnished with the machinery whereby they can control Congress. Where are we, then ? Is it the financial corporations of the east, or the United States Congress, that govern this country ? The New York *Tribune*, that grand old anti-slavery champion, says it is "the financial corporations of the east," and rejoices in it as "a very good thing." What, then, avail the words of Horace Greeley, or the blood of a million martyred soldiers, or

the expenditure of five billions of treasure ? Have we not today fifty millions of people under the bondage of financial corporations ? A bondage more galling and more heartless than that beneath the lash of southern slavery—more galling because perpetrated in the name of liberty, more heartless because there is none to heed the cries of the starving white slaves, none to pity them dying, none to bury their dead. The shackles were dropped from four millions of black slaves, not to make them free, but to enslave the whole producing industries of the country, through this infernal bond and bank scheme.

History proves that nothing has been so disastrous to nations as the enactment of laws which favor the few at the expense of the many. There is no robbery so suicidal as that sanctioned by law ; for it not only destroys the morality of the legalized robber, starves and kills the victimized masses, but it degrades the law-maker himself to a level with the most notorious highwayman. Ruskin says : “ The occult theft, theft that hides itself even from itself, and is legal, respectable and cowardly, corrupts the body and soul of man to the very last fibre of them.” And history proves that such legislation destroys nations, degrades humanity, and is a mockery against the most high God. Against the Eternal Judge who will not hold guiltless him who lends a voice to such iniquitous legislation. A legislation that destroys both soul and body of the toiling millions.

CHAPTER X.  
SHERMAN VERSUS EMERY.

**John Davis Replies to the Hon. Sherman's Latest Letter on Finance.**

Since the days of John Brown, Kansas has never ceased to be the stamping ground of reform. Ushered into statehood on the eve of a terrible civil war, her baptism in blood fitted her peculiarly for the growth of liberty and equality.

Never since the days of John Brown have the liberty loving men of Kansas ceased in their determination to hallow the soil made sacred by the life and death of their illustrious martyr. That soil harrowed by the intelligence of truth loving men and fertilized by the blood of thousands of patriotic soldiers, was well fitted to receive the seeds of historic truth embodied in *Seven Financial Conspiracies*, and when in the campaign of 1888 fifty thousand copies of the little book were scattered broadcast over the state, the enemies of freedom seeing that it would yield an everlasting harvest to liberty, rushed forth and attempted to destroy the sower and the seed.

Preparatory to their onslaught their chiefs met in council and evolved two monumental documents which were launched upon the public under the captaincy of Messrs. Ady and Kelley. Again in the campaign of 1891 when ten thousand of these little messengers were scattered over Ohio, the book and its author were again assailed.

The veritable John Sherman whose villainous acts had made possible such a record of crime induced by the solicitude of his political friends came out with an open letter published in the *Cincinnati Enquirer* and addressed to Chas. F. Stokey of Canton, O., in which he denounces the book as "wild and visionary," and declares that the Shylock to which the author alludes is a "phantom of her imagination."

The documents of Ady and Kelley, as also the letter of Senator Sherman were immediately met by the indomitable John Davis through the columns of his paper *The Junction City (Kan.) Tribune*.

These replies of Mr. Davis are so replete with historic truth that we present the one in reply to Senator Sherman for the consideration of our readers :

A few years ago Mrs. S.E.V. Emery of Michigan emptied a quiver of arrows into the ranks of the people's enemies. The darts seemed light and feathery, and the bow string was drawn by the weak arm of a woman. Yet the shafts were winged and pointed with truth and justice, and the woman's arm was nerved with an earnest patriotism. Very soon the wounded birds began to flutter and the broken wings were trailing in the dust.

In the year 1888, 50,000 copies of Mrs. Emery's little book were showered among the people of

Kansas. Under their fructifying influence the seeds of thought began to spring up in every heart. The rage of the enemy knew no bounds. Great lawyers and judges of courts wrote pamphlets and newspaper broadsides which were circulated by Republican committees and corporation newspapers as campaign documents. Smaller men called the little book "The Union Labor Bible." They cursed it in their speeches, tore it to pieces in the presence of their audiences, dashed it to the floor, spat upon it, trampled it under foot. All this but proved the rage of the lion that had been wounded, the pain of the whale that was pierced, or the bird that was "hit." Next comes the emptying of another quiver of shafts by the same arm that showered Kansas. This time further East. And, promptly, is produced the same results. A Senator of the United States from Ohio deems it worth his while to confess the pain of the arrow in his breast by a review of the situation in the usual corporation attorney style. A copy of that review is before me, over the name of John Sherman. I beg to quote and discuss portions of it :

MANSFIELD, OHIO, Oct. 12, 1891.

*Mr. Charles F. Stokey, Canton, Ohio :*

MY DEAR SIR—Yours of the 8th, accompanied by Mrs. S.E.V. Emery's pamphlet, called "Seven Financial Conspiracies Which Have Enslaved the American People," is received. Some time since this wild and visionary book was sent to me, and I read it with both amusement and astonishment that any one could read it with approval or be deceived by its falsehoods. The "Seven Financial Conspiracies" are the seven great pillars of our financial credit, the seven great financial measures by which the government was saved from the perils of war and by which the United States has become the most flourishing and prosperous nation in the world. The first chapter attributes the Civil War to an infamous plot of capitalists to absorb the wealth of the country at the expense of the people, when all the world knows that the Civil War was organized by slaveholders to destroy the national government and to setup a slave-holding confederacy in the South upon its ruins. The Shylock described by Mrs. Emery is a phantom of her imagination. The "Shylocks of the war" were the men who furnished the means to carry on the government and to put down the rebellions and included in their number the most patriotic citizens of the Northern States, who, uniting their means with the services and sacrifices of our soldiers, put down the rebellion, abolished slavery and preserved and strengthened our government. The first of her "conspiracies" she calls the exception clause in the act of February 25, 1862, by which the duties on imported goods were required to be paid in coin in order to provide the means to pay the interest on our bonds in coin. This clause had not only the cordial support of Secretary Chase, but of President Lincoln, and proved to be the most important financial aid of the government devised during the war. \* \* \* This exception clause saved our public credit by making a market for our bonds and was paid by foreigners for the privilege of entering our markets.

Like most men with a bad case on hand, the Senator appears to have little regard for truth, and sets out with a misstatement. Mrs. Emery's book does not "attribute the Civil War to all infamous plot of capitalists," etc. The book plainly states (page 11) that "African slavery" was the cause of secession and consequent war. Mrs. Emery and the Senator agree as to the cause of the Civil War, and both state it plainly in their own words, about which there can be no disagreement. Mrs. Emery then takes the ground that the great capitalists were pleased with the opportunity to speculate on the needs of the country, and that they proceeded to profit by the

situation, as we shall see in the course of this discussion. The little book uses plain language to suit the plain common people, and hence calls the London and Wall Street speculators “Shylocks.” This the Senator condemns, saying that “the Shylocks of the war were the men who furnished the means to carry on the government,” etc., as above quoted. In this matter Mrs. Emery is in good company.

She agrees with Thaddeus Stevens, Senator Wilson, Andrew Jackson, Thomas Jefferson, Senator Benton and others in calling men and things by their proper names. But this will appear more plainly in the course of the discussion. I now call attention to the Senator’s remarks concerning the First Financial Conspiracy.

Fortunately we are not left in the dark as to the causes and agencies which placed the exception clause on the greenback. Prominent actors in the matter have left their words and acts on record. The legal tender Bill was introduced in the House by E.G. Spaulding of Buffalo, N.Y., Chairman of the Sub-committee of Ways and Means, December 31, 1861. It was discussed in the House, and perfected, until February 6, 1862. It passed the House by a vote of 93 to 59. It provided for a full legal-tender money with no exception clauses.

After passing the House, the Legal-tender Bill went to the Senate. The Senate amended the bill by providing that the contemplated money should be legal tender for all purposes “except duties on imports and interest on the public debt.” Mrs. Emery claims that those exceptions were the work of the bankers. Mr. Stevens, Chairman of the Ways and Means Committee—the grand old “commoner” from Pennsylvania—tells how the crime of wounding the greenback was committed :

#### TESTIMONY OF THADDEUS STEVENS.

MR. SPEAKER :—I have a very few words to say. I approach the subject with more depression of spirits than I ever approached any question. No personal motive influences me. I hope not at least. I have a melancholy foreboding that we are about to consummate a cunningly-devised scheme, which will carry great injury and great loss to all classes of people throughout this Union, except one. With my colleague, I believe that no act of legislation was ever hailed with as much delight throughout the length and breadth of this Union, by every class of people without exception, as the bill which we passed and sent to the Senate. Congratulations from all classes—merchants, traders, manufacturers, mechanics and laborers—poured in upon us from all quarters. The Boards of Trade from Boston, New York, Philadelphia, Cincinnati, Louisville, St. Louis, Chicago and Milwaukee approved its provisions and urged its passage as it was. I have a dispatch from the Chamber of Commerce, Cincinnati, sent to the Treasurer, and by him to me, urging the speedy passage of the bill as it passed the House. It is true there was a doleful sound came up from the caverns of bullion brokers and from the salons of the associated banks. Their cashiers and agents were soon on the ground and persuaded the Senate, with but little deliberation, to mangle and destroy what it had cost the House months to digest, consider and pass. They fell upon the bill in hot haste, and so disfigured and deformed it that its father would not know it. Instead of being a beneficent and invigorating measure, it is positively mischievous. It has all the bad qualities which its enemies charged on the original bill, and none of its benefits. It now creates money, and by its very terms declares it a depreciated currency. It makes two classes of money : one for banks and brokers, and another for the people. It discriminates between the rights of different classes of creditors, allowing

the capitalists to demand gold, and compelling the ordinary lender of money on individual security to receive notes which the government had purposely discredited. \* \* \* \* \* All classes of people shall take these legal-tender notes at par for every article of trade or contract, unless they have money enough to buy United States bonds, and then they shall be paid in gold. Who is that favored class ? The banks and brokers and nobody else.

—*Speech in House, February 20, 1862.*

That is the statement of the chairman of the committee that originated the bill. He and Mrs. Emery agree that the brokers and bankers are responsible for the exception clause that depreciated the greenback money.

Senator Sherman says it is one of the great pillars of our financial credit.

#### TESTIMONY OF HENRY WILSON.

It is a contest between the brokers, jobbers and moneychangers on the one side, and the people of the United States on the other. I venture to express the opinion that ninety-nine of every hundred of the loyal people of the United States are for this legal-tender clause.

—*Wilson's Speech in the Senate, February 13, 1862.*

#### THE VOICE OF HISTORY.

The [legal tender] bill was no sooner made public than delegations of bankers from New York, Boston and Philadelphia hurried to Washington to oppose it. They organized in a formal manner by selecting a chairman (S.A. Mercer of Philadelphia), and invited the finance Committee of the Senate and the Committee of Ways and Means of the House to meet them at the office of the Secretary of the Treasury January 11, 1862. The invitation was accepted. At the meeting which followed the bankers spoke in opposition to the bill. \* \* \* The bank delegates remained in Washington and held further consultation with Secretary Chase extending through several days, which resulted in an arrangement with him to the effect, among other things, that Congress should be urged to pass the National Bank Bill, etc.

—*Berkey's Monetary System, 1876.*

#### TESTIMONY OF WM. D. KELLEY.

I remember the grand old commoner Thaddeus Stevens, with his hat in his hand and his cane under his arm, when he returned to the House after his final conference (on the exception clause) and shedding bitter tears over the result. "Yes," said he, "we had to yield ; the Senate was stubborn. We did not yield until we found that the country must be lost or the banks gratified, and we have sought to save the country in spite of the cupidity of its wealthier citizens."

*Judge Wm. D. Kelley, Philadelphia, January 15, 1876.*

Let us now analyze the vote on the Legal-tender Bill. When voted on in the House on its first passage, authorizing a full legal-tender money, it passed by a vote of 93 to 59. Among the voters in the majority we find the names of Stevens, Spaulding, Windom, Wilson, Hale,

Fessenden, Colfax, Bingham, Hooper and a majority of the great Union Congressmen, who were then in favor of a full legal-tender currency. In the minority, we find Vallandigham, Voorhees, Pendleton, Wm.H. English and S.S. Cox. Vallandigham of Ohio was very emphatic in his denunciation of legal-tender paper. He said :

Cheap in materials, easy of issue, worked by steam, signed by machinery, there will be no end to the legion of paper devils which shall pour forth from the loins of the Secretary.

Vallandigham insisted that these notes were not money, that they would not circulate as money :

Though you should send them forth bearing ten times the image and superscription—the fair face and form of ABRAHAM LINCOLN, now President and CÆSAR of the American Republic. \* \* \* I utterly deny, sir, the right of the Federal government to provide a paper currency, intended primarily to circulate as money and meet the demands of business and commercial transactions and to the exclusion of all other paper.

But when the bill was returned from the Senate, mutilated and depreciated by the infamous exception clause, we find Vallandigham, Voorhees, Cox, Pendleton, English, *et hoc genus omne*, voting for the mutilated bill authorizing a crippled and depreciated money. \* \* \* They did not agree with Secretary Chase, Wilson, Stevens, Hale and Windom, those great and noble patriots who tried to give to the country a legal-tender money without any mutilation and exceptions ; and as these men who have been styled “traitors” voted in the House, so voted John Sherman in the Senate. Neither Sherman, Vallandigham nor Voorhees agreed with Secretary Chase, Wilson, Stevens, Hale, Windom and all those great and noble patriots who tried to give to the country a legal-tender money without any mutilations and exceptions. (*See Spaulding’s History, 1869*).

The object of the exception clause on the greenback was to cause its depreciation so that the holders of gold could buy up the currency at half-price and then invest it in bonds at face value. Senator Sherman himself once explained the whole matter in a single sentence. He said : “ It became necessary to depreciate the notes in order to create a market for the bonds.” That is, the great rich men, whom Thomas Jefferson called “ the traitorous class,” would not invest in the bonds unless they could double their money by so doing.

Having beaten the government in the exception-clause fight, which Mr. Stevens called “the first victory of the money power over the country,” the Shylocks determined to take further advantage of the necessities of the government and the exigencies of the times. So in 1863 they procured the passage of

#### THE NATIONAL BANKING LAW.

Under this law the bondholders could place the bonds which had cost them about 50 cents on the dollar, in the United States Treasury, without sacrificing any of the interest-income, and receive back 90 per cent of the bonds in bank currency to loan to the people, as bankers. This gave the bankers two interest-incomes from one investment. With \$50,000 in gold they could

become the happy owners of \$100,000 of interest-bearing bonds and \$90,000 of currency, all free from taxes “under State or local authority.” This was a big bonanza, or, in fact, two bonanzas combined. This law was passed during one of the darkest periods of the war, when patriots, statesmen, generals, soldiers and people were straining every nerve to save the country. It pounced upon its prey like a panther when the victim was bleeding at every pore. Moulton’s *History of American Finances*, page 131, states the case as follows :

Mr. Sherman now introduced the National Bank Bill. After a lengthy debate, it passed the Senate by a vote of 23 to 21. In the meantime there had been several bills for the same purpose introduced and referred to the committee in the House. When the Senate Bill came down it was not referred, as usual, but brought before the House without consideration in committee with other similar bills. It was not discussed in Committee of the Whole, but under a motion to refer, which cut off all amendments, the friends of the bill debated its general merits. When by parliamentary tactics it was forced to a final vote, it passed under the gag rule of the previous question by a vote of 78 to 64.

And thus was fulfilled the prediction of Senator Thos. Benton, when, on the victory of President Jackson over the United States Bank, said that Jackson had beaten the bank ; yet the bank power was not conquered, but, like a “royal tiger” driven to the jungles, he will return again. He returned in 1863 to prey upon the prostrate form of a bleeding Republic, when neither President, Congress nor people had the power to resist his coming. With 3,000 whelps and an aggregate capital of \$700,000,000, much of it furnished by the government, this “ROYAL TIGER” has been for twenty-five years preying upon the fortunes and liberties of the people, through this system of legalized robbery.

Seven times the people of the United States have voted on this national bank question at Presidential elections. Five times out of the seven they declared, by their votes, that “a national bank is unconstitutional and dangerous to liberty.” That sentiment was a regular plank in Democratic platforms prior to 1860, and five times that platform was approved by the people at the Presidential elections.

Peter Cooper tells us that, in 1793, President Washington signed a resolution of the American Senate declaring that a holder of bank stock should not have a seat in Congress. And when John Quincy Adams was elected to Congress he refused to qualify until he had disposed of his bank stock. And yet Senator Sherman is in favor of the national banking system, and his party regularly send to the United States Senate numerous bank presidents, just as if this great country has no other interests worth attention except stock gambling, coupon clipping and usuary collecting.

And at this moment the President of the United States Senate is not only a banker, but a BRITISH BANKER, doing business in London as “Morton, Rose & Co.” And, further, should President Harrison die, we would have a LONDON BANKER AS PRESIDENT OF THE UNITED STATES ! Verily Thomas Jefferson was right when he said : “Banking institutions are more dangerous than standing armies.”

The exception clause on the Greenback Bill and the national banking law are all the

“conspiracies” mentioned in Mrs. Emery’s book that were enacted during the administration of President Lincoln. I have shown that they were perpetrated by the money power while Mr. Lincoln and the country were so terribly pressed by the exigencies of the war that Mr. Lincoln had no option or responsibility in the matter. He submitted to them under coercion ; he approved them to placate one enemy while he battled with another ; being unable, as he himself said, on one occasion, to fight two wars at once. He submitted to the inevitable, as Washington, Jefferson, Adams, Henry and other champions of liberty in their day submitted to the existence of slavery and the slave trade—because there was no other alternative ! It will be remembered that Secretary Chase favored the legal-tender law, and that it required several days of meetings and threats of financial coercion by the “bank delegates,” who “remained in Washington” after the exception clause, to induce Mr. Chase to recommend the bank law. Mr. Chase lived long enough to bitterly regret the part he took in the matter, and is reported as expressing himself as follows :

My agency in procuring the passage of the National Bank Act was the greatest financial mistake of my life. It has built up a monopoly that affects every interest in the country. It should be repealed. But before this can be accomplished, the people will be arrayed on one side and the banks on the other in a contest such as we have never seen in this country.—*Salmon P. Chase.*

To show the undoubted facts in the case, and the usual treason of the money power in all great emergencies, I call the especial attention of Senator Sherman and all Republicans to the following from Senator Ingalls :

No people in a great emergency ever found a faithful ally in gold. It is the most cowardly and treacherous of all metals. It makes no treaty it does not break. It has no friend it does not sooner or later betray. Armies and Navies are not maintained by gold. In times of panic and calamity, shipwreck and disaster, it becomes the agent and minister of ruin. No nation ever fought a great war by the aid of gold. On the contrary, in the crisis of the greatest peril, it becomes an enemy more potent than the foe in the field ; but when the battle is won and peace has been secured gold reappears and claims the fruits of victory. In our own Civil War it is doubtful if the gold of New York and London did not work us greater injury than the powder and lead and iron of the South. It was the most invincible enemy of the public credit. Gold paid no soldier or sailor. It refused the national obligations. It was worth most when our fortunes were the lowest. Every defeat gave it increased value. It was in open alliance with our enemies the world over, and all its energies were evoked for our destruction. But as usual, when danger had been averted and the victory secured, gold swaggers to the front and asserts the supremacy.—*Ingall’s speech in the United States Senate, February 15, 1878.*

That is a short but fair description of the men whom Mrs. Emery calls “Shylocks.” Senator Sherman says they were the men who furnished the means to put down the rebellion. Thomas Jefferson called them the “traitorous class.” Senator Wilson called them “brokers, jobbers and money-changers.” Thaddeus Stevens called them “bullion brokers;” who sent their cashiers and agents into Congress to influence legislation in their own interest ; also, “sharks and

brokers.”

It appears, then, that “Shylock” is not “a phantom of Mrs. Emery’s brain,” but a living reality, who, according to Mr. Spaulding, would only loan his *currency* to the government for big interest, on good security, and interest and principal payable in gold.

Mr. John A. Anderson, an orthodox Republican member of Congress for twelve years, and now Consul General to Cairo under the present Republican administration, said :

By the Charter Act the system was to terminate in twenty years. It was never intended to continue it ; the original design was to stop it at the end of twenty years ; but the power of the banks had then (46th Congress) become greater than that of Congress. The system was not stopped at the end of twenty years, and may now go on forever so far as the original and organic safeguard has anything to do with it.

Senator Sherman’s defense of the national banking system is extremely weak. He merely compares it with other banks of issue, and says : “ It is now conceded to have been the best form of paper money ever issued by banks that has ever been devised.”

Mr. Anderson shows that there need not be any “form of paper money issued by banks,” but that the true paper money is the legal-tender greenback, issued by the general government. Mr. Anderson agrees with Thomas Jefferson that “bank currency should be suppressed and the circulation restored to the nation where it belongs.”

Senator Sherman dares not controvert that position. He prefers, rather, to erect a man of straw at which to aim his darts. As the old State bank system of paper issues have now no friends he feels very safe in fighting them, in order to justify this “great pillar of our financial credit,” which Mr. Anderson says is now too strong for Congress, and which is always on the wrong side in matters of legislation.

The Third “Conspiracy” under discussion is the contraction of the currency. Strange to say, the Senator denied that there has been any contraction, and says :

It has been demonstrated by official documents that, from the beginning of the war to this time, the volume of our currency has been increasing year by year more rapidly than our population.

This statement is palpably false, as shown by “the official documents” of 1865, 1866 and later, and by the leading Republican speakers, including the Senator himself, Senator Logan and others. Senator Sherman’s change of front, between the years 1869 and 1874, was so notorious and shameless that Senator Logan publicly charged him with the change without eliciting a denial.

The Senator tries to sustain his statement of the non-contraction of the currency by the recent falsehood of his party leaders that the 7-30 Treasury notes did not circulate as money.

But Secretary McCullough in his report for December, 1865, says we have now about \$2,000,000,000 nearly all in circulation among the people. While in March, 1874, General Logan says “Contraction has gone on until the whole amount of currency of every kind now

outstanding is only \$742,000,000.”

It will be noticed that Secretary McCullough and General Logan both classed the \$830,000,000 of 7-30 notes among the active currency of the country, Senator Sherman to the contrary, notwithstanding. In reply to a note of inquiry General Spinner, ex-United States Treasurer, stated as follows :

MOHAWK, August 17, 1876.

Sir :—Your letter of the 15th inst. has been received. In answer I have to say that the 7-30 notes were intended, prepared, issued and *used* as money.

Very respectfully yours,  
F.E. SPINNER.

Senator Sherman does not agree with McCullough, Logan and Spinner. Who is right ? I call attention to the following table and remarks from the Chicago *Inter-Ocean*, a leading Republican paper of Illinois in 1878 :

Year.	Currency.	Population.	Per capita
1865.....	\$1,651,282,373	34,819,581	\$47.42
1866.....	1,803,702,726	35,537,148	50.76
1867.....	1,330,414,677	36,269,502	36.68
1868.....	817,199,773	37,016,949	22.08
1869.....	750,025,989	37,779,800	19.85
1870.....	740,039,179	38,588,371	19.19
1871.....	734,244,774	39,750,073	18.47
1872.....	736,340,912	40,978,607	17.97
1873.....	733,291,749	42,245,110	17.48
1874.....	779,031,589	43,550,756	17.89
1875.....	778,176,250	44,896,705	17.33
1876.....	735,358,832	46,284,344	15.89
1877.....	696,443,394	47,714,829	14.60

The 7-30 three-year notes, whose circulation as currency is most scouted, were outstanding on the, 1st of September, 1865, to the amount of \$830,000,000, every dollar of which was legal tender for its face value under the terms of the law, “to the same extent as United States notes.”

Secretary Fessenden’s report of December 6, 1864, says he caused to be paid out to the soldiers in the field over \$20,000,000 of these 7-30 notes at one time.

President U.S. Grant’s message of December 2, 1873, indorses the fact of contraction up to the time as follows :

During the last four years the currency has been contracted directly by the withdrawal of the 3 per cent certificates, compound interest notes, and 7-30 bonds outstanding on the 4th of March, 1869 (all of which took the place of legal tenders in bank reserves), to the extent of \$63,000,000.

Here is a letter from the president of a national bank and a member of the Forty-third Congress :

OFFICE OF FIRST NATIONAL BANK.

NEW JERSEY, August 12, 1878.

In compliance with your request of the 18 inst., that I should define the relative position of the 7-30 Treasury notes to the general volume of currency in 1865, I have to say that I was then daily in the habit of receiving and paying out the same in the conduct of my ordinary business the same as greenbacks, and I esteemed their peculiar characteristics (being conducive of elasticity) as not only forming a currency, but a currency of special merit.

AMOS CLARK.

Testimony like this may be produced from the official documents of the government and other reliable sources to any desirable extent, and yet, in the face of it all, Senator Sherman says the 7-30 Treasury notes did not circulate as money and that there has been no contraction of the currency !

Senator John A. Logan, in his great speech of March 17, 1874, discussing the panic of 1873, said :

But, sir, that the panic was not due to the character of the currency is proved by the history of the panic itself. \* \* \* No, sir, the panic was not attributable to the character of the currency, but to a money famine, and to nothing else. In the very midst of the panic we saw the leading bankers and business men of New York pressing and urging the President and the Secretary of the Treasury to let loose twenty or twenty-five millions more of the same paper for their relief. The very same men who today denounce it as a disgrace to our government. It was good enough for them when they were in trouble.

On the subject of the panic of 1873 to 1877, the United States Monetary Commission says :

The true and only cause of the stagnation in industry and commerce, now everywhere felt, is the fact everywhere existing of falling prices, caused by a shrinking volume of money. \* \* \* This is the great cause. All others are collateral, cumulative or really the effects of that primal cause. Practical men see what the mischief is, and they all see it alike, and without formulating their ideas into set words and phrases, they state it alike. Capitalists, large and small, give one and only one reason for refusing to invest in productive enterprises. Uniformly and universally the reason given is that prices are falling and may continue to fall, and that money is the best thing to get and hold while that state of things continues. \* \* \* Falling prices, is only another expression for an increasing value of money, by contracting its volume.

In order to throw some light on the question as to who or what class of society is interested in a scanty volume of money and low prices of labor and the products of labor, I call attention to an extract from the *Inter-Ocean* of February 28, 1874, quoted and approved by General Logan in his speech of March 17, 1874. The *Inter-Ocean* said :

In the national Senate Chamber a bitter contest is in progress by the representatives of the moneyed aristocracy on the one hand, and by the representatives of the masses of the people on the other. The proposition on the part of the capitalists is to grasp and firmly hold the largest possible percentage of the profits of all the labor of the country. They want high rates of interest whereby

they may tax traffic, and low rates of wages whereby they may tax labor. By contracting the currency they secure both of these objects, for they force traffic to supplicate the banks for loans, and drive labor to beggary ; and as the necessities of merchants render more pressing their importunities for loans, the rate of interest is advanced to cover the increased risk, and as the demand for labor declines the price also declines. On the other hand, the proposition of the people, those who live by labor and traffic, is to extend the volume of currency, thereby cheapening money, and so stimulating manufacturing and other industries into such activity as will insure employment to the laboring classes at remunerative rates of wages. No contest was ever more clearly defined. At no time in the history of our country, not even in the history of the rebellion, has it been more evident that the interest of the many clash with those of the few.

It would seem from this view of the case that Senator Sherman, at first, was on the side of the people, but that the side of the oppressor became more fascinating to him, for some reason almost obvious to common mortals.

The contraction of the currency was not at first a Republican measure. It was bitterly opposed by the leading Republicans of the time and for years afterward. They condemned it in the severest terms. Senator Sherman said “it would be an act of folly without example for evil in modern times.” Senator Wade said it would be “as bad as a fire.” And in 1874, when the country was struggling with bankruptcy and general distress, Senator Logan said : “ It is a money famine and nothing else.”

I do not speak at random. Mr. Rutherford B. Hayes, afterward Republican President of the United States, has told us all about how contraction was enacted while he and the best Republicans voted against it.

In his speech at Sydney, Ohio, September 4, 1867, Mr. Hayes said :

The very measure which was intended to carry out this policy of Secretary McCullough’s, to enable him to take up the greenback currency with interest-bearing bonds, was introduced into Congress in March, 1866. I have here the votes upon that question, and I say that the Democratic party in both Houses—all the members of the Democratic Party in both Houses—voted for Secretary McCullough’s plan, and that Mr. Jullian, Judge Schofield, Mr. Lawrance—all of whom I see here—and myself, a majority of the Republican members, voted against the scheme, and it became a law because a minority of the Union Party, with a unanimous vote of the Democratic Party, supported it, and because, when it was submitted to Andrew Johnson, instead of vetoing it as he did all Union Party measures, he wrote his name on the 12th of April at the bottom : “ Approved, Andrew Johnson.” I think, then, I am authorized in saying that these gentlemen are mistaken when they accuse the Union Party of being in favor of taking up the greenback currency and putting in the place of it interest-bearing, non-taxable bonds.—*Howard’s Life of Hayes*, p. 206.

And that scheme, opposed by all true Union men at the time, including Senator Sherman, the same Senator now says, is one of the “great pillars of our financial credit.”

Senator Logan continues the discussion of contraction as follows :

It was the contraction and increased want of currency, and not a superabundance, which produced the necessity for running in debt, of which there is so much said on this floor. Why, sir, the people

were never freer from debt in proportion to the business done than in 1865, at the close of the war, when Mr. McCullough began his system of contraction, and at the very time eleven millions more people were to be supplied. Was it to be supposed that the activity and energy which the adequate supply of money had put into operation, and which was giving prosperity and happiness to the country, would suddenly dwarf itself to suit financial notions without a severe struggle ? The inevitable result was an expedient to meet the consequent want, and credit was expanded. At the very moment, above all others, when adequate supply was needed, the opposite course was adopted ; and right here lies the true cause of the late panic, which resulted from a money famine, and not from an excessive supply.

Senator Logan discusses the subject still further, as follows :

Sir, turn this matter as we will, and look at it from any side whatever, and it does present the appearance of being a stupendous scheme [Mrs. Emery calls it a conspiracy] of the moneyholders to seize this opportunity of placing under their control the vast industries of the nation. Therefore I warn Senators against pushing too far the great conflict now going on between capital and labor. It is not our duty to legislate exclusively for either, but, as far as possible, to try and harmonize the interests of the two. Capital rests upon labor ; but when it attempts to press too heavily upon that which supports it in a free Republic, the slumbering volcano, whose mutterings are beginning already to be heard, will burst forth with a fury that no legislation will quell.

The Senator quotes and approves the following from the Berrien County (Mich.) *Record* :

It is a lamentable fact that the financial question is leading to a conflict between capital and labor, money and production. The capitalists, the possessors of money, who stand isolated from the laboring and producing classes, are getting themselves in hostile array to oppose with might and main every effort to increase the currency of this country to something like an equal ratio with other commercial nations. The East, especially the Wall Streeters and banks, want no more money. They prefer to have the volume of currency limited so that combinations may be entered into and the money cornered. Every time a few millions of the currency are locked up in the East, the West suffers, the products of the West decline in price, and the Western producer suffers, while the Eastern capitalist makes money. The time has come when this state of affairs should and must be remedied. The interest of the South and West are identical on this point, and, unless the East will yield to that which is just and right, the result cannot be otherwise than disastrous in the end. This the money-lenders of New York will learn, but, perhaps, not until it is too late.

I have dwelt at length on this subject of contraction because it is the central “Conspiracy” around which the others cluster, and because the greatest traitor of the day denies its existence. I will ask attention to but one more Republican statement and contradiction :

If I were deciding this case upon what I considered the best evidence, I would be bound to say that I believed the money in actual circulation did not much, if at all, exceed \$500,000,000, \* \* \* or a trifle over \$8 per capita.—*P.B. Plumb in United States Senate, June 1890.*

Mr. J.K. Hudson, a leading Republican editor, in April, 1890, stated that the amount of currency

at one time was \$2,242,576,028.41, “a per capita circulation of \$64 at the close of the war, July 1, 1865.”

I leave the stalwarts to settle their diverse statements in their own way. It seems as if the Republicans had recently entered into a bold conspiracy to deceive the people on this money question, even though they made themselves ridiculous by eating their own words and by contradicting each other.

The First “Conspiracy,” wounding the greenback, was to enable the great fund-holders of the world to obtain United States bonds on easy terms. The Second, known as the national banking system, was to make the bonds very profitable to the holders, enabling them to draw double interest on one investment. The Third Conspiracy was to render money so scarce that the bonds would, probably, not be paid, making the investment perpetual.

The conspiracy of 1869 was to make the bonds payable in coin only, so that their payment would be still more burdensome and less probable.

It was with considerable difficulty that Congress passed the laws of 1869 and 1870, making the 5-20 currency bonds payable in coin, and refunding bonds so that no future Congress could undo the work. Those measures were vehemently opposed and condemned by John Sherman, Senator Doolittle, Oliver P. Morton, Henry Wilson and others. Senator Sherman called the Act of 1869 “extortion and repudiation.” Senator Morton said that, “in its passage, four distinct laws were violated !” But the money power was all-powerful. It was unscrupulous, and, of course, it again triumphed.

In 1873 a coinage law was passed for the coinage of trade dollars and subsidiary silver. It in no way referred to the standard dollar, which had been the unit of account and the standard of value since the beginning of the government. It was an innocent and useful law, yet on this law was founded a “revision,” adopted in bulk, June, 1874, as follows :

The silver coins of the United States shall be a legal tender at their nominal value for any amount not exceeding \$5 in any one payment.

That language demonetized all the silver coins of the United States for amounts above \$5, including the standard silver dollar. The United States Monetary Commission Report of 1877, Vol. I, page 90, says :

No law was ever passed by Congress of which this language can be considered a revision.

The report then adds :

Whoever may be responsible for this error in the Revised Statutes, the ancient money of the country, instead of being intentionally legislated out of existence by Congress, was revised out of existence.

The law of 1875—the Resumption Law—was intended to redeem and retire the remaining

greenbacks, making gold coin the money of the rich bondholders, and bank currency and subsidiary silver the moneys of trade and business. But the sufferings of the people and danger to the peace of the country became so great that Congress, in 1878, passed a law that redeemed greenbacks would not be canceled, but should be paid out again. This defeated the resumption scheme and saved to the people \$346,000,000 of greenbacks. Another law was passed in 1878 restoring the full legal-tender quality of the silver dollar, and requiring its coinage at the rate of two to four millions per month. These were the first financial laws passed in the interests of the people since 1862. They were the first check to the money power since the passage of the exception clause on the greenback, which Thaddeus Stevens pronounced "the first victory of the money power over the country."

The remedial laws of 1878 were an immediate and immense relief to the people, showing that General Logan was right when he called the period from 1873 to 1878 "a money famine and nothing else."

The great Wall Street Journals were very much disgusted with the passage of the remedial measures of 1878. They unanimously ascribed their passage to the influence of the greenback sentiment of the West and South.

I have now sketched the manner and spirit of the enactment of the "Conspiracies" of the great money power of London and New York against the liberties of the American people, robbing them, with unseen hands, through the manipulations of the finances, as no highwaymen of ancient or modern times could have done it. And these are the crimes which Senator John Sherman says "are the seven great pillars of our financial credit."

The Senator denies that he ever had any interest in the First National Bank of New York. Of course it cannot be proven that he had. But circumstances are a little suspicious against him. I have on my table a "Political Manual" for 1880. Discussing "Secretary Sherman's Favorite Financial Agency," on page 146, I find this remark :

The deposits controlled by the First National Bank [New York] were equal to nearly two and one-half times the entire deposits in all of the other seventy banks where such deposits were held.

Now if Senator Sherman was not financially interested in the First National Bank of New York, why did he thus favor it with the deposits of public moneys when he was Secretary of the Treasury under President Hayes ? Why should that particular bank receive deposits in the year 1878, from April to December, amounting to much more than all the other fiscal banks of the country ? I ask in all candor, whether the circumstances are not suspicious against the Senator ? Or was this conspiracy with that bank another "great pillar of our country's financial credit ?" We have the Senator's statement that there has been no contraction of the currency since the war, and that he never had any pecuniary interest in his pet bank. But the facts and circumstances against him in both cases are rather ugly ! He will next tell us, perhaps, that he became a millionaire by the honest savings from his salary as a public officer !

JOHN DAVIS.

John DAVIS, 1826-1901

DAVIS, John, a Representative from Kansas ; born near Springfield, Sangamon County, Ill., August 9, 1826 ; moved with his parents to Macon County in 1830 ; attended the country schools, Springfield Academy, and Illinois College, Jacksonville, Ill. ; engaged in agricultural and horticultural pursuits near Decatur, Ill. ; moved to Kansas in 1872 and located on a farm near Junction City ; secretary of the Central Kansas Horticultural Society for many years ; elected president of the first distinctive farmers' convention held in Kansas in 1873, out of which grew the Farmers' Cooperative Association, of which he was the first president ; president of the Grange convention in 1874 ; became proprietor and editor of the Junction City Tribune in 1875 ; unsuccessful candidate of the Greenback Party for election in 1880 to the Forty-seventh Congress and in 1882 to the Forty-eighth Congress ; elected as a Populist to the Fifty-second and Fifty-third Congresses (March 4, 1891-March 3, 1895) ; unsuccessful candidate for reelection in 1894 to the Fifty-fourth Congress ; devoted his time to literary work until his death in Topeka, Kans., August 1, 1901 ; interment in Topeka Cemetery.

Sarah Emery

SEVEN FINANCIAL CONSPIRACIES

THE AUTHOR'S REVIEW OF SHERMAN

FOSTORIA, O., Oct. 16, 1891.

HON. JOHN SHERMAN :

My attention has just been called to your criticism of Seven Financial Conspiracies in the Cincinnati Enquirer of the 15th inst. You say you "first read the book with amusement and astonishment." I am not surprised at your astonishment when you see the enormity of your acts summed up and presented to the people in a plain, matter-of-fact way and that it should afford you amusement is only in keeping with a character that could deliberately plan such diabolisms. History tells us that "Nero fiddled while Rome burned," and history may tell posterity that John Sherman was "amused" when he saw his hellish schemes consummating in the overthrow of the American Republic.

You say the Seven Financial Conspiracies are "the seven great measures by which the country was saved from the perils of civil war," and yet you know that five of these laws were not enacted until after the war had closed. Senator, do you suppose you can make the people believe that the Contraction of the currency in 1866, the Credit-Strengthening Act of 1869, the Refunding Act of 1870, the Demonetization of Silver in 1873, or the Resumption Act of 1878 were measures instituted to save the country from a war that had successfully terminated in 1865 ? You certainly cannot deceive the people by this specious argument, and if you would deceive them in this, what reliance can be placed on your other statements ?

You say "the civil war was organized by slave-holders." It is true they were charged with the crime, but what of Wall Street and the notorious Zach Chandler, who openly asserted that "a country is not worth a damn without bloodletting," and who, through the agency of the civil war, was elevated from "a man of moderate means" to a position of a millionaire ; and, Senator, if I am correctly informed, Zachariah was not the only loyal northern man whose wealth was increased to phenomenal proportions through this infernal agency.

You say it is the men whom I denounce as "Shylocks" who furnished the means for carrying on the war. Ah, did they ? You know it was because they demanded such extortionate rates of interest for their money that the government resorted to the issuance of its own money, and you know that it was this very government money—the green back—that saved the country in the hour of peril. In your speech at Toledo on the evening of the 14th inst., you expatiated admirably upon the fact that "all our money is now as good as gold," but in speaking of the greenback you only parenthetically and stammeringly stated "true, it was depreciated for a time." Why did you not then and there tell your audience of the blighting effects of this depreciation and subsequent appreciation of the greenback on the wealth producers of the country ? Why did you pass so hurriedly over a question of such vital importance ? Sir, your object was to deceive the people, and it would be impossible in the same length of time to make more misleading and deceptive statements than you made on that occasion. It is no wonder that

cunningly devised utterances choked in your throat. The most ordinary intelligence, not blinded by party prejudice, could easily detect the gauzy web you had so ingeniously prepared to entrap the unwary multitude. But, sir, the multitudes are becoming familiar with your deceptive arguments, and a righteously indignant people are rising to hurl from our national temple the heartless moneychangers who have torn our liberties from their shrine and are bartering them away to the enemies of freedom.

You acknowledge that the greenback was purposely depreciated to make a market for interest-bearing bonds. Why did you not also state an equally patent fact that it was to create a market for the gold which Shylock had hoarded in order that he might speculate upon the dire necessities of the country ?

Under the head of the first conspiracy you say “the duty on imported goods was required to be paid in coin in order to provide the means to pay the interest on our bonds in coin.” But you previously stated that “the men who furnished the means to put down the rebellion were included among the most patriotic citizens of the northern states.” Senator, was it an evidence of patriotism on the part of these *loyal* citizens to demand that the interest on the bonds which they had purchased with depreciated greenbacks should be paid in gold ? You insult every old veteran when you compare the patriotism of the gold kings in Wall Street with that of the soldier who faced death at the cannon’s mouth and received in payment money which you say was purposely depreciated to create a market for bonds, the interest upon which was paid in gold when it required more than two dollars of the soldier’s money to purchase one dollar of the bond-holder’s money.

Under the head of second conspiracy you reiterate the thread-bare assertion that “the national bank system is the best that has ever been devised.” This is the first time for more than twelve months that I have found a man sufficiently audacious to presume so much upon the ignorance of the people. The fact is, the people are becoming enlightened upon the vital questions of the day, and such perfidious statements fall powerless and harmless even from the lips of a United States Senator.

Under the head of the third conspiracy—contraction—you assert that “from the beginning of the war until the present time our volume of money has been increasing year by year more rapidly than our population.” And if I remember correctly you stated in your Toledo speech that we now have more money per capita than ever before. You also charge that my statements in regard to the contraction of the currency “are not only misleading, but absolutely false.” Now let us see if it is not Senator Sherman who is attempting to mislead the people. The entire controversy in regard to our money volume arises from the fact that the manipulators of our finances find the people awakening to their corrupt methods, and in order to retain public confidence it has become necessary to cover up the iniquities of past legislation. To do this you now claim that the 7-30 treasury notes and compound interest notes were not money. But Secretary McCullough, Treasurer T.E. Spinner and Senator John A. Logan concurred in counting compound interest and the 7-30 notes as a part of the currency. Indeed, they were made lawful money and a *legal tender* by the acts creating them. General Spinner, in reply to a

letter of inquiry written Aug. 17, 1876, says : “ The 7-30 notes were intended, prepared, issued and used, as money,” and scores of people are still living who will testify that these notes passed current as money. And, Senator, the fact that today you come before the people stating that they were not money is unmistakable evidence of the crafty methods you have adopted to gull and mislead a confiding people. You say that what I call money was “the most burdensome form of interest-bearing securities at 7 3-10 percent interest.” Well, this interest was payable in the same kind of money and ceased altogether at the end of three years.

Will you figure out how much was saved to the tax payers by exchanging these 7-30 notes for 5-20s bearing gold interest at 6 per cent. With fifty cents in gold the bond holder purchased \$1.00 of these 5-20s bearing gold interest; now did he not really get 6 per cent in gold on his fifty cent gold investment, or 12 per cent on the investment that cost him but \$1.00 in gold ? While his means were invested in the 7-30s he received but 7 3-10 per cent in paper but after investing in the 5-20s he received 6 per cent in gold equivalent to 12 per cent in paper on the investment which cost him but fifty cents in gold. Senator will you please tell us how it is that 12 per cent is less burdensome than 7 3-10 per cent ? Evidently you have figured on the basis presented by Maj. McKinley “ That a mortgage is an evidence of prosperity,” from which standpoint you reach the logical conclusion that the higher the rate of interest the greater the degree of prosperity. Woe unto you hypocrites who under the pretense of relieving the people double their burdens and perpetuate their bondage.

In order to complete your deception, you attempt to still further deceive the people by manipulating the Treasurer’s Report in such a manner as to make it appear that we now have a larger per capita circulation than at any previous time. This has been done first by including in our present circulation the entire amount of greenbacks \$346,000,000 which were only saved from the cremation furnace through the efforts of a few sturdy greenbackers led by our invincible Weaver and the great souled Peter Cooper. Now you know that thousands and even millions of that money have been destroyed during the past twenty-eight years by fire, flood and the natural agencies of destruction. Secretary Foster includes in his (campaign) report the various national and private bank reserves which every body knows avails nothing to our depressed industrial classes. No amount of money locked up in treasury and bank vaults could bring relief to the people. An abundant and healthy circulating medium is as necessary to national life as blood is to physical life. The body of a hanged man has an abundance of blood but its stagnation caused him to die. So when a nation’s circulating medium stagnates in bank vaults or is disproportionately shrunken in volume that nation will as surely die. The testimony of Secretary McCullough, Spinner, Logan, Plumb and other leading authorities bear me out in the assertion that our actual per capita circulation is less than one fourth that of 1866. As proof of this Secretary McCullough in his report for Dec. 1865 says we have now about \$2,000,000,000 nearly all in circulation among the people.

Our population at that time was 35,000,000 consequently we had about \$57 per capita. Secretary Foster in his report for campaign purposes in 1891 shows about \$1,588,000,000 with a population of 64,000,000 which gives per capita circulation of over \$24. Secretary Foster,

however, in his anxiety to present a winning campaign document deceives the people by omitting the important fact that nearly one half the amount is not in circulation. A fair estimate shows the

Loss of paper money during 28 years .....	\$ 50,000,000
hoarded-low estimate .....	25,000,000
National bank reserves—Comp. report 1889, p. 51...	460,000,000
Private bank reserves-estimated .....	250,000,000
.....	785,000,000
Balance in actual circulation	\$803,000,000.
Population .....	64,000,000.
Per capita in circulation.....	\$12.50.

This calculation is far more liberal than that of Senator Plumb who in 1890 said the circulation did not exceed \$500,000,000, or a little more than \$8 per capita.

You say that my statements in regard to this matter “are palpable falsehoods, and if stated by a man would justify a stronger word.” Very well, Senator, use your strongest language, but please apply it where it belongs, to your colleagues, Secretary McCullough, Spinner, Logan and Plumb. You say you were not in favor of contraction of the greenbacks and made a speech against it. I am aware of that fact, and made a quotation from your speech showing that your views were correct on this subject. At the same time we find you in 1875 passing the Resumption Act, which provided for the destruction of every dollar of that money. Your views were also correct when in 1866 you said “the bondholder can demand only the kind of money he paid. He is a repudiator and extortioner to demand money more valuable than he gave.” Now if this view was correct in 1866, was it not equally correct in 1879 ? Then why did you, in a speech made in Toledo in that year say “that to refuse to pay the bonds in gold would be repudiation and extortion, and would be scoffing at the blessings of Almighty God.” Senator the fact that your worldly possessions were wonderfully augmented during these years justifies a very general suspicion that you had fallen into “ways that were dark, etc.”

Under the fourth head—the Credit-Strengthening Conspiracy—you say, “I maintain and still believe that by a fair construction of the Loan Law we had a right to pay the principal of the bonds as they matured in greenbacks of the kind and character in existence when the bonds were issued.” Now this is precisely the ground I take in regard to this matter, therefore I see no occasion for controversy upon this subject ; though it is universally conceded that through this act of Congress, which you supported, the people were robbed of hundreds of millions of dollars, and will ever be denounced as one of the most diabolical conspiracies in the record of crime.

The Refunding Act was simply a scheme to perpetuate the national debt, and no amount of glamour or sophistry will make it appear otherwise in the minds of a debt-ridden and tax cursed people.

Your claim that the bonds were refunded to secure a lower rate of interest is calculated solely to

deceive the people. We have already shown that it was far easier for the people to pay 7 3-10 per cent interest with paper money depreciated one-half than it was to pay 6 per cent in gold interest. Senator, I agree with your “intelligent statesmen” that the Refunding Act “was a measure of the highest value conducted with remarkable success.” It certainly was a measure of highest value to the bond-holders, and conducted with remarkable success by their agents of which you appear as chief.

Under the head of Demonetization of Silver you again resort to your “honest dollar” deception, and attempt to terrorize the farmer, the laborer and the soldier by the fear that they are going to be paid off in “dishonest dollars.” Senator, if we have any “dishonest dollars” was it not a Republican congress under your manipulations that made them so ? Are you deterred from taking a silver dollar because there is only seventy-seven cents worth of silver in it ? You say it will buy as much and is equally as good as the gold dollar, the national bank note or the greenback. Will you sell your silver dollars for seventy-seven cents ? Certainly not, for they are worth one hundred cents in the market. Then why attempt to confuse and prejudice the soldier by telling him that he will be paid in “cheap dollars,” “dishonest dollars,” “short dollars,” etc., unless your party wins ?

This solicitude in regard to the soldier, however, seems quite out of character on your part when we reflect that while our country was in the throes of civil war, it was through such legislation as you prescribed that the soldier was paid in a currency which you say was depreciated in order to make a market for gold-interest bearing bonds. This “dishonest dollar,” over which you have so long and loudly lamented, has no exception clause upon it. You boast that our money is all equally good, that one kind of a dollar will buy as much as another kind. Since this is true, why do you attempt to deceive the people by this talk of “dishonest dollars ?” Money can only be dishonest when its purchasing power is impaired. If we have ever had any dishonest money it was that which Congress depreciated by placing the exception clause upon it and then compelled the soldier in the field to accept it for his services. And, sir, did not you, under the instruction of a London banker, Earnest Seyd, manipulate this legislation—Demonetization of Silver—in the interests of British and American capitalists ? Senator Ingalls says in his great speech, in the U.S. Senate, Jan. 14, 1891, “there is a deep-seated conviction among the people, which I fully share, that the demonetization of silver in 1873 was one element of a great conspiracy to deliver the fiscal system of this country over to those by whom it has in my opinion finally been captured. \* \* \* So great was the power of capital, so profound was the impulse, so persistent was the determination, the promoters of this scheme succeeded by the operation of mind power and will force in capturing and bewildering the intelligence of men of all parties, of members of both houses of congress, the members of the cabinet and the president of the United States. \* \* \* As I say, it is one of the phenomena and anomalies of legislation, and I have no other explanation to make than this : I believe that both houses of congress and the president of the United States must have been hypnotized.” Senator, were you hypnotized on that memorable occasion ? Excuse this seemingly personal and impertinent question, for the truth is, British gold and Washington whiskey have been such important factors in American

legislation during the past thirty years that one is hardly able to determine whether this was or was not a genuine case of hypnotization. You claim however, that you understood this measure was before congress. It was no secret with you. You evidently were not hypnotized. The management of such a stupendous conspiracy necessitated a clear brain and an unyielding nerve. You, doubtless, were the great hypnotizer.

Under the head of Resumption you claim this crowning act to be the “glory and pride of the people of the United States.” You extol our credit, our productive interests, the development of our national resources, but not one word have you to say of the general advancement and prosperity of the masses. The truth is, under your “beneficent financial policy” the masses are being rapidly reduced to a condition of wage slavery. With 9,000,000 of mortgaged homes, \$30,000,000,000 of indebtedness, and one-half the wealth of the country in the hands of 31,000 people, the boast of prosperity is a mockery, and an insult to common intelligence.

S.E.V. EMERY.

**The Press and People Endorse It.**

OFFICE OF DR. ALBERT FULLER,  
KIRWIN, KAN., December 10, 1888.

The little book, "Seven Financial Conspiracies" by Mrs. S.E.V, Emery, is a warning voice. It reveals the destructive tendency of corrupt legislation in our country. It should be carefully read and well considered by every American citizen. CORRUPTIONISTS may HISS at it, but HISTORY will HONOR the WOMAN who WROTE it.

ALBERT FULLER, M.D.

OFFICE OF THE KANSAS COMMONER,  
NEWTON, KANSAS, Dec. 13, 1888.

MRS. S.E.V. EMERY :

DEAR MADAM—Your little work, "Seven Financial Conspiracies," has been of wonderful service in the late campaign in Kansas. It was called the "Union Labor Bible," and was read by most of the farmers in this portion of the state ; a profound impression was produced by its teachings which will remain as the basis of future victory. Many for the first time caught a glimpse of the profound facts connected with financial slavery, and although thousands who have been convicted of sin have so far failed to fully embrace the truth, still a foundation has been laid in the minds of the majority that will in the near future uphold the cause of "the great plain people."

I sincerely hope that its circulation may be most widely extended.

Very truly,  
J.R. ROGERS.

The person who is not thoroughly well informed upon the cause that has, within the last twenty years, produced five thousand millionaires, while producing one million tramps and fixing death-grip "mortgages" on over one-half the homes of America, should buy and read this little book, and be wise in time to prevent the further aggression of monopolies.—Weekly Review, Douglasville, Ga.

What you have revealed is startling and makes me think of what John the Revelator saw. I have set others to reading it and they are all as much surprised as I am.—MRS. GEO. STEBBINS.

In my estimation you are fully entitled to the first premium for a work adapted for general circulation among the masses. You have done your work well ; God bless you.—J.M. CALKINS.

SEVEN FINANCIAL CONSPIRACIES WHICH HAVE ENSLAVED THE AMERICAN PEOPLE.—The above is the title of an invaluable little book of eighty-five pages, graphically written, in a concise form, though the whole story is told ; and ought to be read by every man, woman and child living in the United States. We are not able to find language to express thanks to our noble sister for her grand work.—The National Review.

Your little book has come to me like a revelation from the ever living God—Leon Lewis.

I learned more in relation to the financial history of our country during the past thirty years, by reading carefully Mrs. S.E.V. Emery's "Seven Financial Conspiracies," than I had ever known before. I advise every voter to lay aside prejudice and read this wonderful little book. JOHN P. ST. JOHN. Ex-Governor of Kansas.

I received from Washington, some time ago, the report of the United States silver commission and find it a grand document for the American people. In perusing its pages I underscored the passages that struck me as being especially significant and important, with a lead pencil, and now have before me a grand, italicized, governmental, Union Labor, campaign document, issued by Congress at Washington.

It looked so nice, laying thus before me, that I thought the plan would be a good one with some of our other best authors.

It worked well till I come to Mrs. S.E.V. Emery's "Seven Financial Conspiracies." Here I was completely surprised and nonplussed. I found my pencil instinctively running under every line, and from one side of the page to the other, without being able to discriminate as to which words or thoughts were more weighty than the others. For superlative excellence in everything that she lays her hand to give me a woman. With this thought I dropped my pencil with the exclamation: My God, there is no danger of the American people being enslaved as long as they have such mothers as that!

Give women the ballot and they will send the liquor business higher than Gilderoy's kite. Give woman the ballot and the "Seven Financial Conspiracies" reviewed by Mrs. Emery and the seventy-seven other conspiracies by John Bull & Co. will melt away in the sunshine of her Superior and instinctive perception. She has more moral courage than man. Vide the late crusades in Missouri. She has a clearer perception of motives and proprieties than man. She rules the nation in its infancy and it would be all the better if her trained and experienced counsels, and the impulses of her more faithful and loving heart, were over her boys as long as they live. Women most always prove themselves equal to the emergency, no matter what that emergency may be.

The negro problem would soon be solved; the financial troubles would disappear.

The country would, no doubt, gain immeasurably, by an unrestricted enfranchisement of our wives and mothers. With the same constancy that arms her to repel intruders, in her domestic sphere, she would send John Bull home to attend to Ireland, India and Portugal, and warn him to keep his fingers out of our finances. "The poor ye have always with you," said Jesus, "and whensoever ye will ye may do them good." At last, in these latter days, God has given the poor a government, the Democratic Republic of America. The poor, being in the majority, have the reins of government always within their grasp. The rich, in this and other lands are endeavoring to steal away the government from the poor. Half the men are blind and do not see it. Women being more sensitive and the first to suffer, are keenly alive to these despicable methods. Let us arm the women to make a lawful crusade against our wrongs.

Hopefully yours.

—J.L. Switzer, in the Chicago Express.

HEADQUARTERS UNION LABOR PARTY.

CHESTOPA, KAN., November 24, 1888.

Mrs. S.E.V. Emery, Lansing, Mich.:

MY DEAR MADAM—I believe the little book "Seven Financial Conspiracies," of which we distributed 60,000 copies, is entitled to more credit than all else in making Kansas the Banner Union Labor State. It has caused more men, both Democrat and Republican, to investigate the financial legislation of the country, than any other document of its size ever brought before the reading public.

Very truly yours,

JNO. W. BREIDENTHAL,

Chairman State Central Committee.

Not since the days of Uncle Tom's Cabin has a mere statement of facts drawn from the pages of history been subject to such severe scrutiny and vindictive criticism as has Mrs. Emery's little book, entitled "Seven Financial Conspiracies," &c., within the past six months.

During the presidential campaign over fifty thousand copies of this stirring document were circulated in the State of Kansas alone ; and so effective was its influence on the side of the people that it was made the special object of attack by the ablest speakers of the great monopoly party of the State, by organized central committees, and by the most powerful and widely circulated Journals of the great Wall street party.

Yet in all this fiery furnace of rage, vituperation, slander and abuse, not a break or a fracture was found in the harness of this glorious little book. Not a statement was disproved or a position overthrown. Republican speakers on the rostrum were seen to exhibit it to their audiences, to misread its pages, to use the most withering invectives in their denunciations, and then, in their rage, to dash it on the floor, to spit upon it and to stamp it with their feet ! A book worthy so much vindictive and apprehensive attention on the part of the enemies of popular liberty is no common production. This little book is, in our opinion, the most powerful and valuable document of its size now in use.—Junction City (Kan.) Tribune.

OFFICE OF THE AMERICAN NONCONFORMIST,  
WINFIELD, KAN.

MRS. EMERY :

You observe that Kansas comes up with 10,000 more U.L. votes than any other State in the Union, and in justice it should be known that the little “Seven Shooter” was the greatest agency and the strongest lever brought into service. It called out the fire of the enemy as nothing else. We shall need 100,000 of them for 1889, for the U.L. Party means to save Kansas. The best thing outside of this State is the conversion of the St. Louis Christian Advocate, caused by the Editor reading your book. He comes out square and is now running a series of articles showing up the whole system. Let us take courage and keep up the fight.

Yours,  
H. & L. VINCENT.  
Publishers Nonconformist.

The people turned out en masse to do all honor to Mrs. S.E.V. Emery. The parade at 11:30 was immense. In the afternoon a very large and attentive audience gathered to listen to Mrs. Emery, who is one of the finest speakers it has ever been our good fortune to hear. For three hours she held her audience spellbound listening to the words of wisdom, eloquence and truth that she uttered ; her very appearance is a benediction. She is a grand, good woman and that vast crowd testified its appreciation by frequently interrupting her with cheers and cries of, “that’s so,” etc. After the speaking the audience dispersed with three cheers for Mrs. Emery—long may she live to continue her grand and noble work of educating and elevating mankind.—Stafford (Kansas), Advocate.

SHELBY, October 11, 1886.

ED. TRIBUNE—Say to the people of Oceans county, through your paper, that if they get a chance to hear Sarah E. V. Emery during her course of lectures in the county this week, to do so by all means. In our opinion, and we voice the sentiment of the Shelby people without regard to party, the Michigan lecture platform has on it no abler speaker today than Mrs. Emery. Pleasing in her delivery, clear cut and decisive in her argument, with a remarkably strong and pleasing voice, Mrs. Emery will hold an audience for two hours, so still that you can hear a pin drop. Her subject, “Whither are we drifting ?” is political but not partisan. Dealing with the great questions which today demand attention at the hands of the people in a fair, impartial manner, and suggesting the remedy which in her opinion is most concise and common sense. Her lectures are free to everybody.—Shelby Tribune (Shelby) Michigan.

The Seven Financial Conspiracies was the principle weapon used by the stalwart Kansans in their memorable war with and defeat of the “Irredescent Dreamer,” John J. Ingalls. It is the best eye opener for the average voter now before the public and ought to be in the hands of every American citizen.

CHAS. N. BROWN,  
Editor Alliance Defender.

No pamphlet published has struck such terrible and effective blows as has this one. The eighty-second thousand is ready to be sent out. It goes right back to the root of these great evils and shows in a manner that will convince, how the servility of the people is being brought about by deep laid and foul conspiracies which have been carried out, and are now daily gnawing at the vitals of the republic.—Non-Conformist, Winfield, Kansas.

Mrs. Emery is of large build, physically, mentally and spiritually. She possesses a superb voice, well trained in the elocutionist arts, poised by such superior mental powers and a knowledge of her subjects, that made her master of the occasion. We have no power of pen, or language at command to do anything like justice to her speech. We have listened to Wendell Phillips, humanity's silver tongued orator ; to Henry Ward Beecher, the proud preacher of Plymouth church ; to John B. Gough ; to the forensic efforts of Roscoe Conklin and Carlisle ; to the brant productions of "Sunset Cox" and polish of Gen Weaver, but never in all did we listen to such a speech as delivered by Mrs. Emery to 5,000 people at the Knights of Labor celebration. July 4th, 1887. From first to last she held them spellbound by the magic of her orator, the clearness of her argument and power of her logic. We shall not even attempt a review. Suffice it to say that 5,000 people will never forget her burning words, portraying the wrongs that the wealth producers—the true business and laboring classes suffer under—and the true remedy—a national solution of the money question in the interests of those classes.—The People's Advocate, Independence, Iowa, July 7th, 1887.

### **Mrs. Emery's Success Upon the Rostrum.**

At 2 p.m. the people gathered in Lafayette park, and listened to a long and interesting address by Mrs. Emery. The gathering was so large that not more than one-third of the people were able to hear the address. There were no newspaper men on the stand and a full report of the speech cannot be given. It is said to be one of the finest talks on the vital questions of the day made in Kansas this year. Mrs. Emery is a forcible writer and understands the history of our country as well as anyone that is on the public stage now. The talk was well received from first to last and made a good impression on the hearers.—Beacon, Great Bend, Kansas.

One of the largest audiences ever assembled in the court house greeted the lady speaker last evening. Mrs. Emery, besides being an orator, proved herself to be a master of her subject, and her command of language was somewhat amazing to those at least who think that a lady is not capable of delivering an address in public, more especially when the subject chosen deals with the great political questions of the day.—Abilene (Kansas) Gazette.

Mrs. S.E.V. Emery, a talented and interesting Union Labor lecturer, addressed a crowded house Tuesday evening. While we do not subscribe to the U.L. faith entirely, yet there is much to be commended in Mrs. E.'s speech, Her review of John Sherman and the relation his financial policy bears to the present stagnated condition of agriculture, her interpretations of the workings of the tariff laws, and the manner in which they have strangled labor, were unanswerable.—Girard Herald (Rep.) (Girard) Kansas.

Mrs. Emery, of Lansing, delivered an address in the Congregational church last Monday evening, under the auspices of the W.C.T.U. Her lecture was a very intellectual production. With a woman's pathetic pleading, she combine's the convincing logic of a strong reasoner and the persuasive power of a graceful orator. She speaks with great ease and fluency, and is thoroughly well posted.—Williamston Enterprise, (Williamston) Michigan.

Mrs. Emery is a lady of fine presence, has a clear and powerful voice and an easy and often eloquent oratory which gives her front rank among platform speakers. She handled her theme with great skill and made a strong impression in favor of woman suffrage as necessary not only to the cause of temperance and other vital reforms, but the perpetuation of republican government. Senator Peffer and Congressman Simpson were present and in short speeches unqualifiedly indorsed the arguments of Mrs. Emery and pledged their adhesion to the reforms she advocated.—Emporia Daily Gazette.

The late dailies contain Hon. John Sherman's sharp reply to that remarkably powerful and popular little book, "The Seven Financial Conspiracies." More than 100,000 copies of this book have been sold in the past year. No woman ever trod foot on Shelby county soil whose sweet, persuasive eloquence thrilled people with more righteous fervor than did the words of Mrs. Emery at Lithia Springs last August.—Our Best Words, Shelbyville, Ill., Nov 21, 1891.

### **DECLARATION OF CONDITIONS.**

[Adopted by the People's Party at Omaha, July 4, 1892.]

Assembled upon the one hundred and sixteenth anniversary of the declaration of independence, the People's Party of America, in their first national convention, invoking upon their action the blessing of Almighty God, puts forth in the name and on behalf of the people of this country the following preamble and declaration of principles :

The conditions which surround us justify our co-operation ; we meet in the midst of a nation brought to the verge of moral, political and material ruin. Corruption dominates the ballot box, the Legislature, the Congress, and touches even the ermine of the bench. The people are demoralized, most of the States have been compelled to isolate the voters at the polling places to prevent universal intimidation or bribery. The newspapers are largely subsidized or muzzled, public opinion silenced ; business prostrated ; our homes covered with mortgages ; labor impoverished and the land concentrating in the hands of the capitalists. The urban workmen are denied the right of organization for self-protection ; imported pauperized labor beats down their wages ; a hireling standing army, unrecognized by our laws, is established to shoot them down, and they are rapidly degenerating into European conditions. The fruit of the toil of millions are boldly stolen to build up colossal fortunes for a few, unprecedented in the history of mankind ; and the possessors of these, in turn, despise the republic and endanger liberty. From the same prolific womb of governmental injustice we breed the two great classes—tramps and millionaires.

The national power to create monopoly enriches bondholders ; a vast public debt payable in legal tender currency has been funded into gold-bearing bonds, thereby adding millions to the burdens of the people.

Silver, which has been accepted as coin since the dawn of history has been demonetized to add to the purchasing power of gold by increasing the value of all forms of property as well as human labor, and the supply of currency is purposely abridged to fatten usurers, bankrupt enterprise and enslave industry. A vast conspiracy against mankind has been organized on the two continents, and it is rapidly taking possession of the world. If not met and overthrown at once it forbodes terrible social convulsions, the destruction of civilization, or the establishment of despotism. We have witnessed for more than a quarter of a century the struggles of the two great political parties for power and plunder, while grievous wrongs have been inflicted upon the suffering people. We charge that the controlling influences dominating both these parties have permitted the extending dreadful conditions to develop without serious effort to prevent or restrain them. Neither do they now promise us any substantial reform. They have agreed together to ignore in the coming campaign every issue but one. They promise to drown the outcries of plundered people with the uproar of a sham battle over the tariff, so that capitalists, corporations, national banks, rings, trusts, watered stock, the demonetization of silver and the oppressions of the usurers may all be lost sight of. They propose to sacrifice our homes, lives and children on the altar of mammon ; to destroy the multitude in order to secure corruption funds from the millionaires.

Assembled on the anniversary of the birthday of the nation, and filled with the spirit of the grand generation who established our independence, we seek to restore the government of the republic to the hands of "the plain people" with whose class it originated. We assert our purposes to be identical with the purposes of the national

Constitution, to form a more perfect union, and establish justice, insure domestic tranquility, provide for the common defense, promote the general welfare and secure the blessings of liberty or ourselves and our posterity.

We declare that this country can only endure as a free government while built upon the love of the whole people for each other and for the nation, that it cannot be pinned together by bayonets, that the civil war is over, and that every passion and resentment which grew out of it must die with it, and that we must be in fact as we are in name, one united brotherhood of free men.

Our country finds its future confronted with conditions for which there is no precedent in the history of the world. We pledge ourselves that if given power we will labor to correct these evils by wise and reasonable legislation in accordance with the terms of our platform.

We believe that the powers of government—in other words, of the people—should be expanded (as in the case of the postal service) as rapidly and as far as the good sense of an intelligent people and the teachings of experience shall justify, to the end that oppression, injustice and poverty shall eventually cease in the land.

While our sympathies as a party of reform are naturally on the side of every proposition which will tend to make men intelligent, virtuous and temperate, we nevertheless regard these questions—important as they are—as secondary to the issues now pressing for solution, and upon which not only our individual prosperity but the very existence of free institutions depend ; and we ask all men to first help us to determine whether we are to have a republic to administrate, before we differ as to the conditions upon which it is to be administered ; believing that the forces of reform this day organized will never cease to move forward until every wrong is remedied and equal rights and equal privileges securely established for all the men and women of this country.



## PLATFORM OF PRINCIPLES

We declare that the union of the labor forces of the United States this day consummated shall be permanent and perpetual ; may its spirit enter into all hearts for the salvation of the republic, and the uplifting of mankind.

2. Wealth belongs to him who creates it, and every dollar taken from industry without an equivalent, is robbery. “If any will not work neither shall he eat.” The interests of rural and civic labor are the same ; their enemies are identical.

3. We believe that the time has come when the railroad corporations will either own the people or the people must own the railroads, and should the government enter upon the work of owning and managing all roads, we should favor an amendment to the Constitution by which all persons engaged in the government service shall be placed under a civil service regulation of the most rigid character so as to prevent the increase of the power of the national administration by the use of such additional government employes.

### FINANCE.

We demand a national currency, safe, sound and flexible, issued by the general government only, a full legal tender for all debts, public and private, and that without the issue of banking corporations ; a just, equitable and efficient means of distribution direct to the people at a tax not to exceed 2 per cent. per annum to be provided as set forth in the sub-treasury plan of the Farmers’ Alliance, or a better system ; also by payments in discharge of its obligations for public improvements.

We demand free and unlimited coinage of silver and gold at the present legal ratio of 16 to 1.

We demand that the amount of circulating medium be speedily increased to not less than \$50 per capita.

We demand a graduated income tax.

We believe that the money of the country should be kept as much as possible in the hands of the people, and hence we demand that all state and national revenues shall be limited to the necessary expenses of the government economically and honestly administered.

We demand that postal savings banks be established by the government for the safe deposit of the earnings of the people, and to facilitate exchange.

### TRANSPORTATION.

Transportation being a means of exchange and a public necessity, the government should own and operate the railroads in the interests of the people.

The telegraph, telephone, like the postoffice system, being a necessity for the transmission of news, should be owned and operated by the government in the interest of the people.

## LAND.

The land, including all the natural resources of wealth, is the heritage of the people and should not be monopolized for speculative purposes, and alien ownership of land should be prohibited. All land now held by railways and other corporations in excess of their actual needs, and all lands now owned by aliens, should be reclaimed by the government and held for actual settlers only.

THE  
GREENBACK DOLLAR  
ITS HISTORY AND WORTH

AWAY WITH BONDS !  
Restore the Greenback !

Bounce the Bondholder

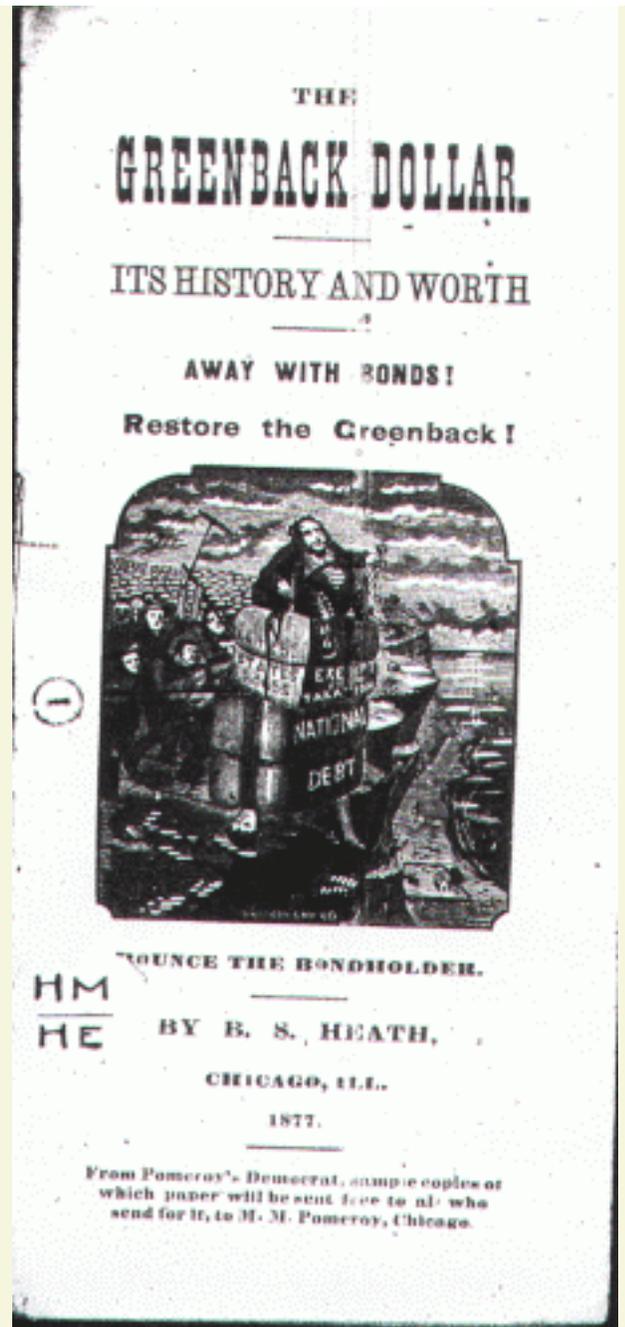
BY BENJAMIN S. HEATH  
Chicago, Illinois  
1877

From *Pomeroy's Democrat*, sample copies of which paper will be sent to all who send for it, to M.M. Pomeroy, Chicago.

HISTORY of the GREENBACK  
Chapter I.  
its origin and birth

In 1861, when the resources of the country seemed exhausted, when the last dollar had been expended, when it was found that the whole volume of the national currency was inadequate to meet current expenses, when our imperial cousins across the deep, instead of coming to our aid, had already recognized the belligerency of our foes, and stood, cat-like, ready to pounce upon the fragments of a shattered Republic, E.G. Spaulding and Erastus Corning, of New York, and Samuel Hooper, of Massachusetts, were appointed a sub-committee under the House Committee of Ways and Means to devise some plan of prosecuting the war, perpetuating the Union and paying current expenses. The country was rich in patriotism, men and munitions of war. All that was needed was money, or a medium of exchange, to move the armies and purchase supplies. Under the urgent pressure of necessity the best and ablest thought and talent of the nation were brought into requisition. A happy thought conceived the idea of applying the "nation's wealth to the nation's needs."

The history of bank currency had demonstrated the fact that a medium of exchange could consist of certificates of the nation's indebtedness as well as that of individuals and corporations. And further, that as the Constitution authorized Congress to coin money and



regulate the value thereof without specifying the material of which it should be composed or represented upon, a paper legal-tender pledged by the Government to be receivable for all debts and dues both private and public, and in sufficient quantities to serve the country's needs in this hour of its trial, was within the providence of its legislative authority. This idea was at last embodied in a bill known as House bill No. 187, and reported to Congress on the 7th of January, 1862.

Its constitutionality had been approved by the Attorney-General and it met with popular favor, as it was destined to meet the nation's wants. But before it had passed the threshold of legislation it was throttled by that highway robber, the Money Power. This bill was not received, or put in motion, for the benefit of this power. The banks had nothing to sell or exchange for one dollar of the new currency. The Government did not need its services or support. The Government had the authority to issue the new money; the soldiers would hail it with delight, and the farmer, the manufacturer, the ship-builder, and even the office-holder, were ready and willing to exchange their goods and their services for it.

The Banks alone opposed it, while they alone had nothing to furnish the Government in exchange for it. On the 11th of January, only four days after the introduction of the bill, the wolf-howl which had, during that time, echoed from bank to bank, called to Washington a convention of the Money Power, which consisted of Secretary Chase as head, and four delegates from the New York banks, three from Philadelphia and three from Boston.

They saw in the Legal-Tender Bill a scheme which would cut off all future chance for them to rob the people. They saw it would transfer the monopoly of the money from their hands to the control of the people.

In short, they saw the handwriting of their downfall, and the emancipation of labor and production, written on the legal-tender greenback.

E.G. Spaulding, in his *Financial History*, page 20, thus reports :

Mr. James Gallatin, of New York, made the principal speech against legal tender, and on behalf of himself and the Bank Committees from New York, Boston, and Philadelphia, and members from Boards of Trade associated with them, submitted the following plan for raising money to carry on the war, viz :

1. A tax bill to raise, in the different modes of taxation, \$125,000,000, over and above duties on imports.
2. Not to issue any demand Treasury notes, except those authorized at the extra session in July last.
3. Issue \$100,000,000 Treasury notes at two years, in sums of five dollars and upwards, to be receivable for public dues to the Government, **except duties on imports**.
4. A suspension of the sub-Treasury act, so as to allow the banks to become depositories of the Government of all loans, and to check on the banks from time to time as the Government may want money.
5. Issue six per cent. twenty year bonds, to be negotiated by the Secretary of the Treasury, *and without any limitation as to the price he may obtain for them in the market*.
6. That the Secretary of the Treasury be empowered to make temporary loans to the extent of any

portion of the funded stock authorized by Congress, *with power to hypothecate such stock, and if such loans are not paid at maturity, to sell the stock hypothecated for the best price that can be obtained.*

As soon as the plan of the delegates from New York, Boston, and Philadelphia became fully known to the country, it was very generally disapproved. The press spoke out plainly against the Secretary being authorized to put United States bonds “on the market without any limitation as to the price he might obtain for them in the market,” as proposed by Mr. Gallatin. Members of Congress generally opposed it and numerous letters were received by Mr. Spaulding from bankers, and other prominent citizens, in opposition to any such scheme, but at the same time expressing themselves in favor of the legal tender bill and urging its immediate passage.

The following is a sample of the letters received about this time by Mr. Spaulding :

HON. MOSES H. GRINELL TO MR. SPAULDING .

NEW YORK, January 30, 1862.

My Dear Sir—I thank you for your able speech, and can only say that nine out of twelve persons in this city agree with you. As for G——, and a few egotistical gentlemen that act with him, they should be driven out of Washington, as they only embarrass the Government ; and it seems to me that their policy, if adopted, would soon ruin the Government credit, and break down the country.

Go a direct tax for one hundred and fifty or two hundred millions, and then issue one hundred and fifty millions Treasury notes *legal tender*, and we will go on without any trouble, and the Government credit will be saved from disgrace. There are not eight bank presidents that side with G——. He is an odd fish—has very little influence here. Some action must be had soon, or our country will be in a deplorable financial condition.

Yours truly,  
M.H. GRINELL.

Right here let us inquire what business this class of usurers, who live and fatten upon the misfortunes of nations and individuals, had to dictate to Congress the terms upon which it might save the country ? The money about to be created was for the soldier, the farmer, the mechanic, the merchant, and the manufacturer, and not for the banker.

They would oppose any scheme which deprived them of the opportunity of robbing industry, even at the expense of the nation’s existence; for what is a nation to them that deprives them of their unholy sucking of the blood of humanity. They had succeeded in bringing to their aid the Secretary of the Treasury, whom they had seduced by promises of executive succession, through whose influence the original bill was modified by adding the 5.20 bond clause, which finally went to the Committee of the Whole on the 6th day of February, 1862, in the following form :

*“ An Act to authorize the issue of United States notes, and for the redemption funding thereof, and for funding the floating debt of the United States.*

SECTION 1. *Be it enacted by the Senate and House of Representatives of the United States of America, in Congress assembled :* That to meet the necessities of the Treasury of the United States,

and to provide a currency receivable for the public dues, the Secretary of the Treasury is hereby authorized to issue, on the credit of the United States, \$150,000,000 of United States notes, not bearing interest, payable to bearer at the Treasury of the United States, at Washington or New York, and of such denominations as he may deem expedient, not less than five dollars each. Provided, however, that \$50,000,000 of said notes shall be in lieu of the demand Treasury notes authorized to be issued by the Act of July 17, 1861 ; which said demand notes shall be taken up as rapidly as practicable, and the notes herein provided for substituted for them : And provided, further, that the amount of the two kinds of notes together, shall, at no time, exceed the sum of \$150,000,000. And such notes, herein authorized, shall be receivable in payment **of all taxes, duties, imports, excise, debts and demands of every kind due** to the United States, and for all salaries, debts and demands owing by the United States to individuals, corporations and associations within the United States, and shall also be **lawful money and a legal tender, in payment of all debts, public and private**, within the United States. And any holders of said United States notes, depositing any sum not less than \$50, or some multiple of \$50, with the Treasurer of the United States, or either of the Assistant Treasurers, shall receive in exchange therefor duplicate certificates of deposit, one of which may be transmitted to the Secretary of the Treasury, who shall thereupon issue to the holder an equal amount of bonds of the United States, coupon or registered, as may by said holder be desired, bearing interest at the rate of six per centum per annum, payable semi-annually, at the Treasury or Sub-Treasury of the United States, and redeemable at the pleasure of the United States, after twenty years from the date thereof. Provided, that the Secretary of the Treasury shall, upon presentation of said certificates of deposit, issue to the holder thereof, at his option, and instead of the bonds already described, an equal amount of bonds of the United States, coupon or registered, as may by said holder be desired, bearing interest at the rate of seven per cent. per annum, payable semi-annually, and redeemable at the pleasure of the United States, after five years from the date thereof. And such United States notes shall be received **the same as coin, at their par value, in payments** for any loans that may be hereafter sold or negotiated by the Secretary of the Treasury, and may be re-issued from time to time, as the exigencies of the public interests shall require. There shall be printed on the back of the United States notes, which may be issued under the provisions of this act, the following words : ‘ The within is a legal tender in payment of all debts, public and private, and is exchangeable for bonds of the United States, bearing six per centum interest at twenty years, or in seven per cent. bonds at five years.’

§ 2. *And be it further enacted*, That to enable the Secretary of the Treasury to fund the Treasury notes and floating debt of the United States, he is hereby authorized to issue, on the credit of the United States, coupon bonds, or registered bonds, to an amount not exceeding \$500,000,000, and redeemable at the pleasure of the Government, after twenty years from date, and bearing interest at the rate of six per centum per annum, payable semi-annually ; and the bonds herein authorized shall be of such denominations, not less than fifty dollars, as may be determined upon by the Secretary of the Treasury ; and the Secretary of the Treasury may dispose of such bonds at any time for lawful money of the United States, or for any of the Treasury notes that have been, or may hereafter be, issued under any former act of Congress, or for United States notes that may be issued under the provisions of this act ; and all stocks, bonds, and other securities of the United States, held by individuals, corporations, or associations, within the United States, shall be exempt from taxation by any State or county.

It will be seen that this bill provided for the issue of legal-tender notes, and also for their redemption. In advocating its passage Mr. Spaulding said :

What, then, is to be done ? The Secretary of the Treasury in his annual report does not recommend the issue of demand Treasury notes, although he points out many advantages that would result to the Government from the issue. He *suggests* two plans : first, the issue of demand Treasury notes ; and second, a National currency, secured by a pledge of United States stocks, to be issued by banks and associations, with proper regulations for their redemption by the banks themselves. On the propriety of the issue of Treasury notes by the Government, to be put in circulation as money, the Secretary says :

“ The first of these plans was partially adopted at the last session of Congress, in the provision authorizing the Secretary to issue United States notes, payable in coin, to an amount not exceeding fifty millions of dollars. That provision may be so extended as to reach the average circulation of the country, while a moderate tax, gradually augmented, on bank notes, will relieve the national from the competition of local circulation. It has been already suggested that the substitution of a National for a State currency, upon this plan, would be equivalent to a loan to the Government without interest, except on the fund to be kept in coin, and without expense, except the cost of preparation, issue, and redemption ; while the people would gain the additional advantage of a uniform currency, and relief from a considerable burden in the form of interest on debt.”

This is the capital, \$16,000,000,000,000 in amount, on which your Treasury notes and bonds rest. This claim of Government, in the hands of Congress, is direct and specific on the banks throughout the United States, including the gold and silver in their vaults ; on commerce ; on all kinds of production and business ; on railroads, steamboats, and their passengers ; on gas companies ; on manufacturing companies of all kinds ; in short, all real and personal estate of every kind is held subject to the payment of the Treasury notes and bonds issued by the Government. Congress is clothed with this mighty power to sustain the nation at this time.

All Governments fix the value of gold and silver, and **without the Government stamp, gold and silver would be a simple commodity, like other things** having intrinsic value. Some Governments fix the value of coin higher, and some lower, just as each, for itself chooses to determine. **Any other metal or thing that should be stamped, and its value regulated by all the Governments of the world, would pass equally well in all commercial transactions as gold and silver, although not intrinsically as valuable.** Exchequer bills or Treasury notes whose value is fixed by Government, and stamped as money, would pass as money in the payment of debts within the jurisdiction of the Government fixing such value.

Congress may judge of the necessity in the present exigency. It may decide whether it will authorize the Secretary of the Treasury to issue demand Treasury notes, and make them a legal tender in payment of debts, or whether it will put its six or seven per cent. bonds on the market, at ruinous rates of discount, and raise the money, at any sacrifice the money-lender may require, to meet the pressing demands upon the Treasury. In the one case the Government will be able to pay its debts at fair rates of interest ; in the other, it must go into the streets *shinning* for the means, like an individual in failing circumstances, and sure of being used up in the end by the avarice of those who may exact unreasonable terms. The Government needs and should have, in her present peril, the aid and protection of all patriotic citizens.

But, sir, knowing the power of money, and the disposition there is among men to use it for the acquisition of greater gain, I am unwilling that this Government, with all its immense power and resources ; should be left in the hands of any class of men, bankers or money-lenders, however respectable and patriotic they may be. The Government is much stronger than any of them. Its capital is much greater. It has control of all the bankers' money, and all the brokers' money, and all the property of the thirty millions of people under its jurisdiction. Why, then, should it go into Wall

street, State street, Chestnut street, or any other street, begging for money ? Their money is not as secure as Government money. All the gold they possess would not carry on the Government for ninety days. They issue only promises to pay, which, if Congress does its duty, are not half as secure as United States Treasury notes based on adequate taxation upon all the property of the country.

Why, then, go into the streets at all to borrow money ? I am opposed, in our present extremity, to all shifts of this kind. I prefer to assert the power and dignity of the Government, by the issue of its own notes, pledging the faith, the honor, and property of the whole loyal people of the country to maintain their circulation and provide for their redemption.

. . .

The demand notes put in circulation would meet the present exigencies of the Government, in the discharge of its existing liabilities to the army, navy, and contractors, and for supplies, materials, and munitions of war. These notes would find their way into all the channels of trade among the people ; and as they accumulate in the hands of capitalists, they would exchange them for the six per cent. twenty years' bonds.

These circulating notes in the hands of the people would enable them to pay the taxes imposed, and would facilitate all business operations between farmers, mechanics, commercial business men, and banks, and be equally as good as, and in most cases better, than the present irredeemable circulation issued by the banks.

A suspension of specie payment is greatly to be deplored, but it is not a fatal step in an exigency like the present. The British Government and the Bank of England remained under suspension from 1797 to 1821-'2—a period of twenty-five years. During this time England successfully resisted the imperial power of the Emperor Napoleon, and preserved her own imperilled existence. During all this time the people of Great Britain advanced in wealth, population, and resources.

**Gold is not as valuable as the productions of the farmer and mechanic, for it is not as indispensable as are food and raiment.**

We quote from the remarks of Mr. Thaddeus Stevens :

Before the Banks had paid much of the last loan they broke down under it and suspended specie payment. They have continued to pay that loan, not in coin, but in demand notes of the Government ; that has kept them at par, but this last of the loan was paid yesterday, and on the same day the banks refused to receive them.

Without the legal tender clause the notes could not be kept at par. Brokers, bankers, and others would depreciate them. The National Bank scheme recommended by the Secretary might, in ordinary times, be very useful, but while the banks are under suspension it was not easy to see, how it would relieve the Government. They would have the circulation without interest, and at the same time would draw interest on the bonds, and afford no immediate relief. He thought the Government should have the benefit of the circulation of legal tender notes, and did not see how we could get along in any other way.

The proposition from the gentleman from New York (Mr. Roscoe Conkling) authorizes the issuing of seven per cent. bonds, payable in thirty-one years, to be sold (\$250,000,000 of it) or exchanged for the currency of the banks of Boston, New York and Philadelphia.

Sir, this proposition seems to me to lack every element of wise legislation. Make a loan payable in irredeemable currency, and pay that in its depreciated condition to our contractors, soldiers and creditors generally ! The banks would issue unlimited amounts of what would become trash, and

buy good hard-money bonds of the nation. Was there ever such a temptation to swindle ?

Let us look at the greatest and wisest commercial nation in the world. In 1797 England was struggling for existence against armed Europe. She needed money, as we do now. She found it impossible to borrow. Gold was likely to leave the country. She passed a law prohibiting the Bank of England from paying coin for her notes until six months after the final ratification of peace. That law remained in force till 1823. It is said she did not make those notes a legal tender. She provided that whoever refused to take them for a debt should have no remedy for its collection ; and that a plea of such tender should be a bar to the action. This, I think, is the most stringent legal tender ; yet those notes never depreciated to any great extent.”

The vote was taken; the bill passed and went to the Senate, where the great battle was fought over.

## Chapter II. aristocracy vs. democracy

The object of the House was to authorize the Government.

1st To create and issue full legal tender currency, which should be receivable in payment of taxes, duties, imports, excise, debts and demands of every kind due to the United States, and for all salaries, debts and demands owing by the United States to individuals, corporations and associations within the United States, the same to be lawful money and legal tender in payment of all debts public and private, in the United States. In short, MONEY; as much so in every sense as gold and silver coin every where. This Congress did for two reasons :

1st. Money must be had to carry on the war,, and in such quantities as could not be procured from any other source. It was an absolute necessity, on which hung the success of the efforts then being put forth to perpetuate the Union and save the nation.

2d. Because it had a constitutional right to coin money out of any material it deemed best.

The fifth paragraph of the eighth section of the first article of the Constitution declares that Congress shall have the power “to coin money, regulate the value thereof, and of foreign coin, and fix the standard of weights and measures.” Let us now see what authority is given by the right to “coin money.” The legal-tender clause was opposed on the ground that the legal-tender quality of money must be limited, or restricted to coin, and the latter must necessarily consist of metal.

But, according to the best English lexicographer, the verb “to coin” is defined :

1st. “To stamp and convert into money, as a piece of metal; to mint; in a more general sense, to form by stamping, as to coin a medal.”

2d. “To make or fabricate; to invent; to originate; as to coin a word.”

The second important feature of the House Bill was the provision it made for the redemption of the legal tenders, or their conversion into 5.20 bonds at the option of the holders. Very serious and determined opposition was not made to the bill in the lower House. The members, fresh from the people and backed up by the patriotism and urgent needs of the country, were not in a mood or condition to be successfully bull-dozed or swerved from the line of duty by the bribes or threats of the Money Power, hence the bill was passed.

The speculators probably reasoned, as Tom Scott did, when told that he ought to scatter large sums of money through the rural districts of Pennsylvania, to influence the conventions, and carry the elections in the interest of the Pennsylvania railroad, he replied : “The legislative will be composed of men, and as they are comparatively few, it will be a d—n sight cheaper to buy them after election than the people before.”

On the 10th day of February, 1862, Mr. Fessenden, Chairman of the Committee on Finance, reported the House Bill very materially altered and amended as follows :

First—That the legal tender notes should be receivable for all claims and demands against the United States of every kind whatsoever, “*except for interest on bonds and notes, which shall be paid in coin.*”

Second—That the Secretary might dispose of United States bonds “*at the market value thereof, for coin or Treasury notes.*”

Third—A new section, No. 4, authorizing deposits in the sub-Treasuries at five per cent., for not less than thirty days, to the amount of \$25,000,000, for which certificates of deposit might be issued.

The object of this was to enable the Money Power, or money-lender, to deposit with the Secretary any amount of legal tenders, or rather loan the Government its own money at 5 per cent interest to any amount up to \$25,000,000, and receive back certificates of deposit, got up in every way, shape or form, like greenback money, in 5, 10, 20 and 50-dollar bills, which they could use in business, or re-loan for usury, the same as money.

An additional section providing that all duties on imports and proceeds of the sale of public lands, etc., should be set apart to pay (not back-pay and bounty for the widows and orphans of deceased soldiers, or pensions to the disabled) coin interest on the bonds, at 1 per cent for a sinking fund.

It was very obvious to the opponents of these amendments that the effect would be to weaken the legal tenders. The jeopardized interests of the country and the welfare of every productive and legitimate operation in the nation demanded that they go forth on their mission, clothed with all the power and strength Congress was able to bestow upon them.

But their power was what the Shylock dreaded. Their strength and independence would preclude the possibility of their being monopolized by the money ring.

A clean, untarnished, full-fledged legal tender, created and issued by the Government, would remove entirely the necessity for banks, and destroy the office and the profits of the banker. No,

no, no ! Alarm and dismay had seized the Shylocks, and in the House Bill they saw that, while it would save the country, it would ruin them, so, acting upon the first law of nature, they determined at all hazards to save themselves, though the flag of the nation trailed in the dust, and the Goddess of Liberty sweat great drops of blood in her struggles to save a shattered Republic from the grasp of foreign despots. It was the poor Congressman's harvest when \$8,000 a year would make a millionaire in six months.

"Except for duties on imports and interest on the public debt," was advocated by Shylocks' tools as follows :

We shall be obliged to go into the foreign market to raise money to prosecute the war, and unless we provide to pay the interest on all loans in a currency recognized by foreign nations, we cannot do it. Therefore, to create these notes full legal tenders would be virtually to tie our hands and cut off all hope and chance of borrowing a dollar abroad. To provide for meeting this coin interest, all that is necessary is to lop off another leg of the legal tenders and 'except duties on imports.'

This EXCEPT-ion will supply an ample amount of gold, to meet all interest demands and perpetuate the credit of the nation.

It was argued that but a small amount of gold would be required, as that which came from customs would be immediately paid out for interest, and a small amount kept in the circuit would meet all the coin demands of the country. How falsely they argued will be shown in a subsequent chapter. Mr. Fessenden, as Chairman of the Senate Committee on Finance, was the most prominent advocate of these amendments. In the course of the debate he said :

According to our amendment, the Government will be obliged to provide itself with coin for the payment of the interest.

The Committee have recommended that we go further, and that we provide a specific fund, in order to accomplish that purpose, and set it aside for that object. It was proposed in the Committee—and it struck me favorably at first—to set aside, specifically, the public duties, by providing that the duties on imports should be paid in coin ; but on consideration, it was deemed by the Committee that that would be hardly fair. The result would be to make a distinction between different classes of the community, and to impose a very heavy burden upon those who are engaged in trade, and who would be called upon to pay duties. If we provide a paper currency, the natural and inevitable effect of it is, that coin increases in price.

Mr. Fessenden's children will live to see the day when his loyalty to the Republic, at the time he defended those amendments, when compared with his personal interests in the measure, will be questioned.

In reference to this matter John G. Drew says :

The dogmatic assurance, that if we provide paper currency, the natural and inevitable effect of it is, that coin increases in price, is worthy of Bunsby, and its legal acumen could not be surpassed by Dogberry, as he must have known that even with the fearful inflation of the old bank bills and

credits to 100 per cent circulation of basis, coin was at par.

If, before he turned teacher he had condescended to be a learner, he would have known that the analysis of English redemptions, as per Sir John Lubbock and Prof. Bonamy Price, is in gold, per \$100, 50 cents; in paper money, \$2.50; in checks and other things based on discounts more or less remote, \$97—total, \$100.

A few years after this utterance the Republican statesmen of France, knowing the facts of our history just quoted, and, perhaps, warned by the deadly results of our almost fatal empiricism, when their nation had just been whipped in war, and forced to pay the costs on both sides : the enemy holding possession of her territory as collateral until the coin liquidation of this claim—with her chief city, whose population is equal to that of our Empire State, in the occupancy of insurgents, boldly issued a full legal tender currency, and with it so stimulated production that gold appreciated, as compared with legal-tender, at no time over 2½ per cent, and but a few days at that.

Her statesmen were so intelligent, that not only did they increase the volume of the nation's currency to several times its former amount, but they took especial pains to secure its full introduction, and so stimulated industries that the ballance of trade became immediately largely in her favor, and in a short time specie redemption was practicable.

We submit that the position of France was infinitely more critical than ours; that her productive resources were in every way inferior to our, and the sole reason why she emerged from her great calamities, so comparatively harmless as contrasted with ours, was the ability and conscientious devotion to duty of her legislators.

Mr. Fessenden, after arguing with great wisdom that the war would be ended at the close of 1862, but conceding, for argument, that it might continue until the end of 1863, when he says, "It must end unquestionably," he proceeds in his special argument in favor of paying the interest in gold—thus : (*Congressional Globe*, page 765)

We shall have a heavy capital debt, but all that is necessary is to secure the payment of the interest. A public creditor looks not to the principal.

He wants to know what his interest is to be. The example of England proves this abundantly.

Nobody supposes that England will ever pay her debts; nobody has supposed it for years; and yet her stocks are always sound, and are sought for even at a very low rate of interest, on account of their security.

They sell in the market at about par, varying very slightly, according to circumstances; and yet nobody expects the principal to be paid.

All, therefore, we have to calculate on, all we have to provide for, is to satisfy the public creditor, either at home or abroad, that when we put out our obligations for a series of years, he may be certain that the interest will be paid, and that the result is equally sure.

We regret that we cannot lay the full discussion of this most important subject before our readers. They would see that gold payment of the interest only was adverted to, as it was the

only question before the House, the bill itself making principal and interest payable in greenbacks, but the Senate insisting that such greenback payment should be waived as to interest, and interest only, making that payable in gold.

It was Mr. Fessenden's position in good society that his previous apparent loyalty had been transcendent, as, should such suggestion as the above extract contains come from less distinguished and consecrated lips, the owner of the said lips might have been placed in a very unpleasant limbo.

It was not complimentary to common sense or common honesty of the American people, or even to the American Congress, that he should in substance say :

My good fellows—agree to this; sign this IOU, agreeing to pay 6 per cent interest for a limited number of years, premium and exemption from taxes, say 4 per cent (in all 10 per cent), and we wont say anything about the principal—John Bull never intended to pay; why should you ?

If Mr. Fessenden then ans there did intend to counsel what his words clearly indicated, large, temporary coin interest, and ultimate repudiation of the principal of the National debt, in defiance of the stipulation of the bonds, the charge of felonious intentions against those plain people, who claim that said bonds should be paid, principal and interest, according to law, seem ridiculously absurd from those who not only did not object to Mr. Fessenden's felonious suggestions, but soon called him to the higher position of Secretary of the Treasury.

The original bill had few supporters in the Senate. Senator Wilson was that it was doomed and made but little effort to save it. He left on record, however, his opinion of it. He said (*Congressional Globe*, page 789, second session XXXVIIth Congress): "I look upon this contest as a contest between the curbside brokers, the Jew brokers, and the money changers, and the men who speculate in stocks on one side, and the productive toiling men on the other." Yes it was a struggle for life on the part of the Shylocks to maintain their ungodly ascendancy over the labor and liberties of the toiling masses; and while the latter were bleeding on the battle field, starving and dying in unfriendly hospitals and prisons, or toiling in the far-off harvest fields to produce the bread of life for the nation's defenders, treason in the very temple of Liberty was plotting their degradation, and laying deep and broad the foundation of a moneyed aristocracy, which should, eventually, as effectually rule over and enslave them, as ever did the Southern master over the dusky sons of the rice field and the cotton plantation. A groan from Wilson is all that is recorded against them, and by a vote of thirty to seven the amendments were adopted, and the bill, mutilated and loaded with shackles, was kicked back to the House on the 14th of February.

### Chapter III. ARISTOCRACY WINS

The House bill, authorizing the full legal tender, “receivable in payment of all taxes, duties, imports, excise, debts and demands of every kind due to the United States, and for all salaries, debts and demands owing by the United States to individuals, corporations and associations within the United States, and shall also be lawful money and a legal tender, in payment of all debts, public and private, within the United States,” was amended by the Senate, as we have heretofore explained.

Now, right here, let us call up the men who were to receive this money, and that other class who refused to take it, and compelled the Senate to amend the Bill so as to give them gold instead of greenbacks :

the people

“Our country is at stake. We are ready and willing to turn out 2,000,000 strong.

“We will give our lives and property.

“We will make ourselves targets to be shot at; our wives, widows, and our children orphans to save, protect and perpetuate the glorious Republic our fathers bequeathed to us.

“We will grow and supply food for the soldiers.

“We will give you our best horses.

“We will set mills and factories in operation.

“We will do all that lies within our power to furnish everything needed—and will gladly receive in consideration your full legal tenders, and you need not call on a banker or a foreigner for a dollar.”

the money power

“Look here John Sherman, we see by this operation we are going to be thrown out of our business.

“You are creating a kind of money and inaugurating a system that is going to send us up the spout.

“We design to gobble up this legal-tender money and convert it into a permanent investment of bonds.

“You just make the interest on those bonds payable in gold and change this bill so that you can get the gold for us by refusing to take the greenbacks for duties on imports, and then we are all right.

“There’s millions in it, you just do that now while you are about it and those poor devils who are fighting, and those ignorant, unthinking farmers will never know the difference.

“We can afford to pay you liberally and make you a millionaire on your small salary.”

and so it was changed

The amendments stripped the proposed money of its insignia of sovereignty.

It degraded it to a subordinate.

In the payment of duties on imports to its maker, its own father refused to recognize it as legitimate.

It might go to pay for mules, horses, army supplies, salaries, and pay soldiers for being killed, and to remunerate widows and orphans for the loss of husbands and fathers, but for interest to the noble, patriotic self-sacrificing Bondholder, who had paid from 35 to 60 cents on the dollar for the bonds in which this legal tender was to be redeemed—they should never be insulted so much as to be asked to receive anything but gold and silver.

On the 18th of February Mr. Stevens reported the bill as amended by the Senate, and said :

“I have no purpose of considering the bill at this time. I desire that it shall be referred to the

Committee of the Whole, and be made the special order for to-morrow at one o'clock. I hope gentlemen of the House will read the amendments. They are very important, and, in my judgment, very pernicious, but I hope the House will examine them."

On Wednesday the 19th, Mr. Spaulding opened the debate in opposition to some of the amendments in the following language :

Mr. Chairman—I desire especially to oppose the amendments of the Senate which require the interest on bonds and notes to be paid *in coin* semi-annually, and which authorizes the Secretary of the Treasury to sell six per cent. bonds at the market price for coin to pay the interest.

The Treasury note bill, as reported first from the Committee of Ways and Means as a necessary war measure, was simple and perspicuous in its terms, and easily understood. It was so plain that everybody could understand that it authorized the issue of \$150,000,000 of legal tender demand notes, to circulate as a national currency among the people in all parts of the United States, and that they might, at any time, be funded in six per cent. twenty years' bonds.

I am opposed to all those amendments of the Senate which make unjust discriminations between the creditors of the Government. A soldier or sailor who performs service in the army or navy is a creditor of the Government. The man who sells food, clothing, and the material of war, for the use of the army and navy is a creditor of the Government. The capitalist who holds your seven and three-tenths Treasury notes, or your six per cent. coupon bonds is a creditor of the Government. All are creditors of the Government on an equal footing, *and all are equally entitled to their pay in gold and silver.*

I am opposed to all those amendments of the Senate which discriminate in favor of the holders of bonds and notes by **compelling the Government to go into the streets every six months to sell bonds at the 'market price,' to purchase gold and silver in order to pay the interest 'in coin' to the capitalists** who now hold United States stocks and Treasury notes heretofore issued, or that may hold bonds and notes hereafter to be issued ; while all other persons in the United States (including the Army and Navy and all who supply them food and clothing,) are compelled to receive legal tender Treasury notes in payment of demands due them from the Government.

Why make this discrimination ? **Who asks to have one class of creditors placed on a better footing than another class** ? Do the people of New England, the Middle States, or the people of the West and Northwest, or anywhere else in the rural districts, ask to have any such discrimination made in their favor ? Does the soldier, the farmer, the mechanic, or the merchant ask to have any such discrimination made in his favor ? No, sir ; no such unjust preference is asked for by this class of men. They ask for the legal tender note bill pure and simple. They ask for a national currency which shall be of equal value in all parts of the country. They want a currency that shall pass from hand to hand among all the people in every State, county, city, town and village in the United States. They want a currency secured by adequate taxation upon the whole property of the country, which will pay the soldier, the farmer, the mechanic, and the banker alike for all debt due. They ask that the Government shall stand upon its own responsibility, its own rights, and exert its vast powers, preserve its own credit, and carry us safely through this gigantic rebellion, in the shortest time, and with the least possible sacrifice. *They intend to foot all the bills, and ultimately pay the whole amount, principal and interest, in gold and silver.*

**Who, then, are they that ask to have a preference given to them** over other creditors of the Government ? Sir, it is a very respectable class of gentlemen, but a class of men who are very sharp in all money transactions. They are not generally among the producing classes—not among

those who, by their labor and skill, make the wealth of the country ; but a class of men that have *accumulated* wealth—men who are willing to lend money to the Government if you will make the security beyond all question, give them a high rate of interest, and make it payable *in coin*. Yes, sir, the men who are asking these extravagant terms, who want to be preferred creditors, are perfectly willing to lend money to the Government in her present embarrassment, if you will only make them perfectly secure, give them extra interest, and put your bonds on the market at the ‘market price,’ to purchase gold and silver to pay them interest every six months. Yes, sir, entirely willing to loan money on these terms ! Safe, no hazard, secure, and the interest payable ‘in coin’! Who would not be willing to loan money on such terms ? Sir, the legal tender Treasury note bill was intended to avoid all such financiering and protect the Government and people, who pay the taxes, from all such hard bargains. It was intended as a shield in the hands of the patriotic people of the country against all forced sales of bonds, and all extravagant rates of interest.

. . . .

The people in the country who hold seven and three-tenths Treasury notes are patriotic enough, while the war lasts, to receive their interest in any money that will pass currently at the banks and among the people. Money with them is only valuable for its uses. Legal tender Treasury notes can be used for all business purposes, without compelling the Government to sell its bonds at fifteen or twenty per cent. discount to procure coin when it is entirely unnecessary.

Mr. Samuel Hooper remarked :

I am opposed to this amendment of the Senate which requires the interest on Government notes and bonds to be absolutely paid in coin, *because its effect will be to depreciate these notes as compared with coin, by declaring them in advance to be so depreciated*. It creates a necessity for the Government to obtain a large amount of coin by purchase, if it is not received in payment of taxes and loans, which hold out an inducement to speculate on the necessity of the Government, by collecting and hoarding the coin against the time that will be required by the Government to pay its interest ; and because it is an unnecessary inconvenience to require the whole amount of the interest to be paid in coin, when only the small amount is necessary that is to be remitted to foreign holders of bonds, which could easily be obtained at small cost, if the effect of the issue of the Government notes should be what the friends of this bill expect. \* \* \* \* \*

If the opponents of this bill have proved anything, they have proved too much in reference to the question now before the House, which is to make a distinction in favor of the holders of Government securities, and pay what may be due to them in coined money, while all other creditors of the Government shall be paid in what they have denounced to the country from the high places they occupy here, as the meanest paper trash.”

The closing remarks on the Bill were made by Mr. Stevens, Chairman of the House Committee of Ways and Means.

We extract as follows :

“ Mr. Speaker—I have a very few words to say. I approach the subject with more depression of spirits than I ever before approached any question. No personal motive or feeling influences me. I hope not, at least. I have a melancholy foreboding that we are about to consummate a cunningly devised scheme, which will carry great injury and great loss to all classes of the people throughout this Union, except one. With my colleague, I believe that no act of legislation of this Government

was ever hailed with as much delight throughout the whole length and breadth of this Union, by every class of people, without any exception, as the bill which we passed and sent to the Senate. Congratulations from all classes—merchants, traders, manufacturers, mechanics and laborers—poured in upon us from all quarters. The Boards of Trade from Boston, New York, Philadelphia, Cincinnati, Louisville, St. Louis, Chicago and Milwaukee, approved its provisions, and urged its passage as it was.

I have a dispatch from the Chamber of Commerce of Cincinnati, sent to the Secretary of the Treasury, and by him to me, urging the speedy passage of the bill as it passed the House. It is true *there was a doleful sound came up from the caverns of bullion brokers, and from the saloons of the associated banks.* Their cashiers and agents were soon on the ground, and persuaded the Senate, with but little deliberation, to mangle and destroy what it had cost the House months to digest, consider and pass. They fell upon the bill in hot haste, and so disfigured and deformed it, that its very father would not know it. [Laughter.] Instead of being a beneficent and invigorating measure ; it is now positively mischievous. It has all the bad qualities which its enemies charged on the original bill, and none of its benefits. *It now creates money, and by its very terms declares it a depreciated currency. It makes two classes of money—one for the banks and brokers, and another for the people.* It discriminates between the rights of different classes of creditors, allowing the rich capitalist to demand gold, and compelling the ordinary lender of money on individual security to receive notes which the Government had purposely discredited.

. . . . .

But now comes the main clause. All classes of people *shall* take these legal tender notes at par for every article of trade or contract, unless they have money enough to buy United States bonds, and then they shall be paid in gold. Who is that favored class ? The banks and brokers, and nobody else. They have already \$250,000,000 of State debt, and their commissioners would soon take all the rest that might be issued.

*But how is this gold to be raised ? The duties and public lands are to be paid for in United States notes, and they or bonds are to be put up at auction to get coin for these very brokers, who would furnish the coin to pay themselves, by getting twenty per cent. discount on the notes thus bought.*

I have proposed an amendment to the Senate amendment upon the principle of legitimate parliamentary rules, that you may make as palatable as you can an amendment which you do not like, before the vote is taken upon it. My amendment is offered for the purpose of curing a little the evils and hardships of the original amendment of the Senate. And though it may be adopted, I shall vote against the whole as amended. My amendment is to except from the operation of the legal tender clause *the officers and soldiers of the army and navy, and those who supply them with provisions,* and thus put them upon the same footing with the Government creditors who hold their bonds. I hope they will not be thought less meritorious than the money-changers. I trust it will be adopted as an amendment to the Senate amendment, so that if this pernicious system is to be adopted, if the beauty of the original bill is to be entirely impaired, those who are fighting our battles, and the widows and children of those who are lying in their graves in every part of the country, killed in defense of the Government, may be placed upon no worse footing than those who hold the bonds of the Government and the coin of the country.”

A Conference Committee on the part of the House was appointed to meet a similar committee from the Senate, and the Bill was passed and approved by the President the same day. The following is a copy of the Bill as finally passed, omitting such matters as is irrelevant to the subject :

“ *An Act to authorize the issue of United States notes, and for the redemption or funding thereof, and for funding the floating debt of the United States.*”

*Be it enacted by the Senate and House of Representatives of the United States in Congress assembled,* That the Secretary of the Treasury is hereby authorized to issue on the credit of the United States one hundred and fifty millions of dollars of United States notes, not bearing interest, payable to bearer, at the Treasury of the United States, and of such denominations as he may deem expedient, not less than five dollars each.

Provided, however, that fifty millions of said notes shall be in lieu of the demand Treasury notes authorized to be issued by the act of July 17th, 1861, which said demand notes shall be taken up as rapidly as practicable, and the notes herein provided for substituted for them ; and

*Provided further,* That the amount of the two kinds of notes together shall at no time exceed the sum of one hundred and fifty millions of dollars ; and such notes herein authorized shall be receivable in payment of all taxes, internal duties, excises, debts and demands of every kind due to the United States, except duties on imports, and of all claims and demands against the United States of every kind whatsoever, except for interest upon bonds and notes, which shall be paid in coin ; and shall also be lawful money and a legal tender in payment of all debts, public and private, within the United States, **except duties on imports and interest** as aforesaid ; and any holder of said United States notes depositing any sum not less than fifty dollars, or some multiple of fifty dollars, with the Treasurer of the United States, or either of the Assistant Treasurers, shall receive in exchange therefor duplicate certificates of deposit, one of which may be transmitted to the Secretary of the Treasury, who shall thereupon issue to the holder an equal amount of bonds of the United States, coupon or registered, as may by said holder be desired, bearing interest at the rate of six per centum per annum, payable semi-annually, and redeemable at the pleasure of the United States after five years, and payable twenty years from the date thereof ; and such United States notes shall be received the same as coin, at their par value, in payment for any loans that may be hereafter sold or negotiated by the Secretary of the Treasury, and may be re-issued from time to time as the exigencies of the public interests shall require.

§ 2. *And be it further enacted,* That to enable the Secretary of the Treasury to fund the Treasury notes and floating debt of the United States, he is hereby authorized to issue on the credit of the United States coupon bonds or registered bonds, to an amount not exceeding five hundred million dollars, and redeemable at the pleasure of the United States after five years, and payable twenty years from date, and bearing interest at the rate of six per centum per annum, payable semi-annually ; and the bonds herein authorized shall be of such denomination, not less than fifty dollars, as may be determined upon by the Secretary of the Treasury ; and the Secretary of the Treasury may dispose of such bonds at any time at the market value thereof, for lawful money, the coin of the United States, or for any of the Treasury notes that have been, or may hereafter be, issued under any former act of Congress, or for the United States notes that may be issued under the provisions of this act ; and all stocks, bonds, and other securities of the United States held by individuals, corporations or associations within the United States, shall be exempt from taxation by or under State authority.

. . . . .

§ 4. *And be it further enacted,* That the Secretary of the Treasury may receive from any person or persons, or any corporation, United State notes on deposit for not less than thirty days, in sums of not less than one hundred dollars, with any of the assistant treasurers or designates depositories of the United States authorized by the Secretary of the Treasury to receive them, who shall issue therefor certificates of deposit, made in such form as the Secretary of the Treasury shall prescribe, and said certificates of deposit shall bear interest at the rate of five per centum per annum ; and any

amount of United States notes so deposited may be withdrawn from deposit at anytime after ten days' notice on the return of said certificates ; *Provided*, that the interest on all such deposits shall cease and determine at the pleasure of the Secretary of the Treasury ; and *Provided further*, that the aggregate of such deposits shall at no time exceed the amount of twenty-five million dollars.

## Chapter IV. WHAT THE CRIPPLED GREENBACK DID

Thus the “Rag Baby” was born and started on its mission to fight the battles of the Union. In its birth it was maimed and crippled by the Money Power, and with one leg and one arm lopped off, it was sent out by that weak and bribed Senate of twenty-four members to assist the soldier, the farmer, the mechanic, the manufacturer and the laborer to carry on the most gigantic civil war the world ever saw.

Looking from our present standpoint we can see nothing but treason and bribery, or an unpardonable degree of ignorance and stupidity on the part of the occupants of these seats once filled by statesmen.

Berkey [William, *The Money Question*, 1876] says of them : “That the Senate was controlled, in its action in regard to the legal tender bill, by improper influences is not a matter of conjecture, but of history.”

In his speech at Philadelphia, January 15, 1876, Judge Kelley says : “ I remember the grand ‘Old Commoner’ (Thaddeus Stevens) with his hat in his hand and his cane under his arm, when he returned to the House after the final conference, and shedding bitter tears over the result. ‘Yes,’ said he, ‘we have had to yield ; the Senate was stubborn. We did not yield until we found *that the country must be lost or the banks be gratified*, and we have sought to save the country in spite of the cupidity of its wealthier citizens’ .”

Thaddeus Stevens knew those Boston, New York and Philadelphia bankers had bought up the Senate. He knew those bankers' avarice, and that Senate's greed for money outweighed their loyalty or their love of country. He knew that they would see the republic shattered into fragments, the Government crippled and hand-cuffed and our soldiers unpaid and starving rather than yield their grasp upon the money monopoly of the nation.

The money kings of Europe, who had made their billions from the war debts of the old country, looked to the fertile soil of American enterprise for a harvest.

We had no bonds in the market for them to set on, and absorb our increasing wealth.

They looked with eager eyes to our growing prosperity, and licked their bloody chops to devour our increase.

War was their only hope. War they must have. War would necessitate money — money would

demand bonds — bonds would draw interest, even gold interest, with which they could fill their European coffers; and interest would provide a sickle with which they could harvest the annual crops of American industry.

They had planned for years. England had commissioned and fed her Thompsons and other emissaries to scatter the fire-brand of dissension among our people.

Sectional strife, hatred and animosity were created, engendered and encouraged. Slavery was made the bone of contention, and both, Northern and Southern ears were rubbed by the emissaries of the gold king, until both factions were wrought to a pitch of wild frenzy.

The East began to see slavery with new eyes. Its enormous wickedness and ungodly form were magnified with every new rub of the ears.

The South was goaded and lashed into fury at the growing anti-slavery sentiment of the East.

When their ears had been rubbed up to battle pitch, but feared their weakness, the money king's agent, August Belmont, planted himself at the head of the Democratic party, and pledged slavery, a divided North and a Democratic alliance.

In the North the Goddess of Liberty and John Brown were carried to the front to intensify the patriotism of the soldiers of Mammon.

The fires of Revolution were kindled afresh upon the decaying altars of liberty.

“Star Spangled Banner” and “hail Columbia” were set to new voices to fire the patriotic blood of sons and sires.

Mothers and wives caught up the refrain and offered up their husbands and sons with the zeal and devotion of Hindoo mothers in yielding their offspring to the crocodiles of the Ganges.

The best blood and treasure of the South were yielded up.

Planters and farmers were badgered into the support of the war through fear of losing their chattels.

Laboring men fought “to protect their rights,” and even slaves doubled their chains for fear of being captured and eaten up by abolition gorillas.

Billions of treasure and hundreds of thousands of lives were sacrificed, and this fair land, the pride and boast of its people, desolated and strewn with wrecks of homes and bones of the slain; whose dirge and buzzards and carrion crows of desolation croaked and sang as American liberty and prosperity yielded their sceptre and crown to the conquering Bondholder at Appomattox.

When the smoke of battle shall have cleared away — when prejudice shall have yielded to reason and judgment, when the trophies of victory shall have been compared with sacrifices or the conflict, when the gilded honors of national triumph shall be placed in the balance with the woes, the sorrows, the anguish and the heart-wounds that cluster around a million graves and extend to every fireside in the land — when careful, dispassionate and unbiased investigation shall prove that the yoke which the slave king had placed upon 4,000,000 blacks has been transferred by the money king to the necks of 40,000,000 of whites, people will discover that

the battles of the Rebellion were not fought in the interest of humanity or to perpetuate the will of the people.

That the freedom of the black was not the result of the benevolent, liberty-loving impulses of the liberator, but a strategy of war to weaken and disarm the enemy.

By the aid of the crippled greenback the North succeeded, and so did the money king. The North succeeded on the battle field after the battle had been purposely prolonged to satiate the bond-thirst of the Shylocks.

But to return to the greenback. Notwithstanding the mutilated form in which they went out of the Treasury Department, they performed a marvelous work.

The producing forces of the nation were set to work, and there was no longer any difficulty in rendering the resources of the people available to the Government.

Of this period, and the immediate effects of the greenback, Judge Kelley thus pictures the change which followed the passage of this bill. His picture will apply to what we might again realize by a full legal tender, and a restoration of a sufficient volume of currency to meet the demands of industry :

But the patriots (Lincoln and Stevens) to whom I have referred had studied the Constitution of the United States.

They knew that it imposed upon them the duty of saving the nation.

They knew that money is the sinew of war and that it must be had.

They knew that the Constitution authorized the coinage of the public credit into money.

They smote the rock of public credit, and power and prosperity gushed forth.

They called into existence the Rag Baby !

They said to every man that would work, 'Here is your wages; this Rag Baby will pay you.' They said to the ship owners, 'Unfurl your rotting sails and open your hatchway; we have brought you grain from the farm; carry it abroad to buy us clothing and arms, for our industries have been stricken and we cannot provide clothing or arms for the army that is to sustain The Union.'

The Rag Baby showered greenbacks upon them, and the ships spread their sails and carried rich cargoes to foreign lands, which were exchanged for clothing, arms and munitions of war.

Industry was rife throughout the land.

The farmer who had been without an adequate remunerative market for years were getting good prices for their grain — were paying their local merchant, who in turn paid his to those of the great cities.

A marvelous child was the Rag Baby !

It lighted the fires in every forge and furnace in the country.

It hired ships and bought others.

It blockaded the whole Southern coast.

It rallied an army of 500,000 men.

We heard ringing through the streets the shout of well paid and well fed and clad soldiers, 'We are coming, Father Abraham, three hundred thousand more !'

The Rag Baby was welcomed by every Commissary, Quartermaster and Paymaster.

It furnished transportation.

It met all demands.

The American people were prosperous as they never were before.

I name it not the 'Rag Baby.' I take the derisive term from the door of the Presidential mansion.

Four hundred million dollars of this money was authorized to be issued.

The war was prolonged and more was required. The expenses of the Government had grown to near \$3,000,000 per day.

By the fourth section of the act the Treasury was authorized to receive deposits in the Sub-Treasury to the amount of \$25,000,000 which was subsequently, by the act of January 30, 1864, increased to \$150,000,000.

On these deposits the Secretary issued certificates printed in the form of money, which were paid out and scattered through the country as money, having the same legal-tender qualities as greenbacks.

By act of March 1, 1862, in addition to the greenbacks and certificates of deposit, certificates of indebtedness, got up in the form of money and of the same legal-tender qualities, were authorized to be issued to public creditors. By act of March 17, 1862, this power was enlarged, so as to embrace checks drawn in favor of creditors by disbursing officers. All these certificates were issued in the form of bank notes or greenback notes and circulated as money.

The amount of these certificates of indebtedness in circulation November, 1864, was \$238,593,000.

On the 8th of January, 1863, the Committee of Ways and Means reported another bill entitled, "A bill to provide ways and means for the support of the Government," afterwards known as the \$900,000,000 loan act. On January 17, the Secretary was authorized to issue \$100,000,000 legal-tender Treasury notes, to be covered by the bill then pending (\$900,000,000 loan act).

On the 26th of January, 1863, the bill was passed.

On the 13th of February, 1863, the bill passed the Senate and was approved by the President March 3.

This bill authorized the issue of \$900,000,000 of greenbacks.

## Chapter V. MORE GREENBACKS WANTED

Under the act of July 17, 1861, and February 12, 1862, \$60,000,000 "demand notes" had been issued, which by the act of March 17, 1862, were declared lawful money and legal tender. This simple declaration, requiring only six words in the act, made these notes equal to gold, and

caused them to go up and down with gold, so that on July 11, 1864, a \$10 bill of this greenback issue was worth \$28.55 of the mutilated greenback money made for the farmer and the soldier. Under the Legal-Tender Act of February 25, 1862, \$150,000,000 of mutilated greenbacks were issued.

Act of July 11, 1862 authorized the Secretary of the Treasury to issue \$150,000,000 more.

Joint resolution, January 17, 1863, authorized a further issue of \$100,000,000; making a total up to this time of \$460,000,000.

In addition to the above amount of non-interest-bearing greenbacks there had been issued, as we have before stated, other kinds of money, such as “certificates of indebtedness,” “certificates of deposit,” “temporary loan certificates,” “Treasury notes, payable in two years,” “7.30 three years’ notes,” “compound interest notes,” “3 per cent certificates,” etc.—amounting in all to over \$600,000,000 exclusive of demand and legal-tender greenbacks. All of these different descriptions of indebtedness were issued in the form and character of money, passed and performed the functions of money, and possessed the value and purchasing power of the regular greenback.

So great was the expense of the war, and so meager were the revenues of the Government compared with the vast outlay, that more money must be had. Up to this time (1862), notwithstanding the Secretary had authority to issue \$500,000,000 of the 5.20 bonds on which to raise money, he had not put a dollar on the market, and a forced loan became necessary to meet current and accruing expenses. Early in the session Thaddeus Stevens introduced a bill “to provide means to defray the expenses of the Government;” which he says “produced a howl among the money-changers as hideous as that sent up by their Jewish cousins when they were kicked out of the Temple.” This bill was similar to the first Legal-Tender Act that passed by the House before it was mangled and mutilated by the Senate. By this bill Mr. Stevens hoped to bring the Government back to the full legal-tender money system. He advocated it with all the power of his great eloquence and wisdom. In his speech (Dec. 23, 1862) he pointed out the dangers of the course the Government was pursuing under the guidance of the Money Power, and closed with this prophetic warning :

“But I ought perhaps to say, before I close, to my country banking friends that they need not be alarmed. There is no great prospect that we shall return to the system I have indicated, nor do much to protect the people from their own eager speculations. When, a few years hence, the people shall have been brought to general bankruptcy by their unregulated enterprise, I shall have the satisfaction to know that I attempted to prevent it.”

The following is a synopsis of the bill as it finally became law :

1. The first section authorizes a loan of \$300,000,000 for the then current year, and \$600,000,000 for the next fiscal year.

That the general reader may understand what is meant by a loan of this vast amount of money, we will state that the design of the bill was to make what is called a “forced loan;” that is, the

Government intends to pay its debts and current expenses by issuing promises to pay at some future time, and by the bill it promised to pay the holders of these promises interest-bearing bonds.

Now, as it had been proved that the full legal tenders of 1861, which were not redeemable in bonds, were equal in value to gold, what was the use in promising to redeem the issue under this bill in an interest-bearing debt ? The Government wanted money to pay the soldiers, and to purchase horses, mules, cannon and other munitions of war of its own citizens. These soldiers and producers asked not that the legal tender should be redeemed in bonds, or any other specific thing. They took them cheerfully in exchange for their labor and products, not knowing or caring a farthing whether the money-lenders could convert them into bonds or not. But so it was; a Government that could command millions of brave soldiers, that possessed wealth and resources boundless and without a parallel, was not able to cope with the Shylocks of Boston, New York and Philadelphia.

If the Government had turned its guns upon these bonds of hell and demolished them, and then branded, with a red-hot iron, the word "traitor" on the forehead of every Senator who voted to disgrace the credit of the Government and rob the people, the war would have been of short duration and no burdensome debt would have followed.

The first section of this bill also authorized the issue of an equal amount (\$900,000,000) of bonds to cover the loan, or issue, at not less than ten nor more than forty years, and not exceeding 6 per cent interest in coin.

2. The second section of the same act authorized the Secretary of the Treasury to issue \$400,000,000 of Treasury notes, bearing interest not exceeding 6 per cent, payable in lawful money, which notes might be made a legal tender at face value.

3. By the third section \$150,000,000 of ordinary non-interest-bearing legal-tender notes might be issued.

Will some wise man tell our readers why the \$400,000,000 of legal tenders authorized to be issued under this act were made to draw interest ?

Who was the instigator of this robbery, and into whose pockets did the interest go ?

For whom were these notes created ?

What was the consideration received by the Government requiring interest ?

The Government wanted men, and the productions of labor.

These notes were created to pay for these things.

They passed current and at par, not because they bore interest or were convertible into bonds, but because the Government had said they were money, that they were legal tender and should be receivable for debts, both public and private, with two exceptions.

Now for whom were the interest and the bonds provided ?

Not for one single creditor of the Government.

Not for the soldier.

Not for the army clerks.

Not for the farmer who supplied mules and oats.

Not for the manufacturer who furnished wagons, muskets, powder, blankets and knapsacks.

Not for the widows and orphans who sacrificed their husbands and fathers that the Government might live.

Not for a single soul who aided the Government in its struggle for life.

Who then ?

The Shylocks and money-changers alone were to be benefited.

The Government consented to disgrace itself and burden its saviors with an unbearable load of interest and taxation, that **a class of men who never** handled a musket, nor **earned an honest dollar in all their lives**, might live in untaxed luxury on the sweat of honest toil.

This was the last of legal-tender acts. Under the various acts from July 17, 1861, to March 3, 1863, the following amounts and kinds of money were issued :

Treasury notes (Act March 2, 1861) .....	\$ 20,153,455
Demand notes (Acts July 17, Feb. 12, 1862).....	\$ 60,000,000
Non-interest-bearing legal-tender notes (Act Feb. 25, 1862) .....	\$400,000,000
Treasury notes, 7.30s (Act March 3, 1863).....	\$806,900,750
Temporary loans, one year certificates .....	\$259,168,327
Treasury notes payable in two years .....	\$153,471,450
Compound interest notes .....	\$193,756,080
Three per cent certificates .....	\$ 52,120,000
Fractional currency .....	\$ 45,961,295
Total .....	\$ 1,991,531,357

This amount was issued directly by the Government, and was exclusive of State bank circulation, which was, in 1863, according to Fawcett, \$238,671,210.

The largest amount of circulation outstanding at any one time was Sept. 1, 1865, and was as follows :

United States notes .....	\$ 433,160,569
Fractional currency .....	\$ 26,344,742
National bank notes .....	\$ 185,000,000
Compound interest legal tenders	\$ 217,024,160
Temporary loan certificates ....	\$ 107,148,713
Certificates of indebtedness ...	\$ 85,093,060
Treasury notes 5 per cent .....	\$ 32,536,991
Treasury notes past due .....	\$ 1,503,920
State bank notes .....	\$ 78,867,575
Last issue 7.30s .....	\$ 830,000,000
Total Sept. 1, 1865 .....	\$ 1,996,678,770

This closes the birth and growth of the greenback.

## Chapter VI. ITS PERSECUTION AND DECLINE

The greenbacks were first issued to such public creditors as had furnished the Government with labor, service and munitions of war. They were issued to soldiers, to widows and orphans, to farmers, mechanics, manufacturers and laborers. Not one of them went directly to the banker or Bond-holder. The Government had no use for that useless, non-producing class of parasites, consequently they were not included in the list of public creditors, with, and to whom the Government made solemn pledges and sacred promises when it created debts and cancelled them with the legal-tenders. But as we have before said the banker and the Bond-holder were on hand with all the power and influence of their combined wealth and shrewdness to see that the financial legislation of the country should be so constructed, that while to the careless observer it seemed to favor the people, it should result in their degradation and the building up of the Money Power.

Hence, for every dollar of legal-tender that was issued, an interest-bearing bond was created, and set as a trap to catch it. Provision was made by all legal-tender acts for the conversion of the greenback at par into bonds, as follows :

“And such United States notes shall be received **the same as coin, at their par value, in payments** for any loans (bonds) that may be hereafter sold or negotiated by the Secretary of the Treasury, and may be re-issued from time to time, as the exigencies of the public interests shall require.”

The above satisfied the Bond-holders. They had secured their trap; it was to be baited with greenbacks, and they were sure of their game.

The people—the real creditors of the Government—saw nothing wrong or alarming about the foregoing provision, so long as the legal-tender notes they received bore a sacred pledge of the Government, in the following words :

“This Note is Legal Tender at its face value for all debts, public and private, except for duties on imports and interest on the public debt.”

For everything else, not excepting the principal of the public debt, they were legal-tender at their face value. With this understanding, with this solemn pledge on the part of the Government, the people accepted the greenbacks in exchange for their property and their service, and consented to allow, for the time being, holders of surplus money to convert it into bonds, having faith in the promises and pledges of the Government that those bonds, at

maturity, should be redeemed in the same currency for which they were purchased, allowing the holders 6 per cent gold interest for the use of their money.

This looked fair and honorable enough at the time and gave general satisfaction. But while hundreds of thousands of our best men were at the front, living in swamps and exposing themselves to dangers and suffering, privations of all kinds, while millions of others were laboring with all their might and strength on the farm, in the mines and in the workshops, to supply the Government and the soldiers with the means to prosecute the war, the Money Power stood between the producer and the consumer and robbed both of untold millions in the shape of jobs and contracts, which should make every American blush with shame as these startling and astounding thieving transactions are recounted.

In this way the Money Power accumulated greenbacks by the millions, which were immediately, under law, converted into gold-interest-bearing bonds.

So, in a short time, the gold of the country began to flow in a steady stream into their coffers. So much so that the Government, in 1864, was obliged to pay them gold interest to the amount of \$104,441,400.

Now where did the Government get this gold ?

What were its resources ?

It could not get it abroad, for when we had accumulated \$21,000,000 on the sale of bonds in England in 1864, that country refused to allow us to take one dollar from her shores, and it had to remain.

Senator Boutwell said in a speech January 22, 1874, as follows :“ When the negotiations were going on in London for the sale of the largest amount of United States bonds that have ever been sold there at one time, it was foreseen by the Bank of England that a quantity of coin would accumulate as the proceeds of these bonds to the credit of the government of the United States. As a matter of fact, there was an accumulation of about \$21,000,000. The Bank of England, foreseeing that there would be an accumulation of coin to the credit of the United States which might be taken away bodily in specie, gave notice to the officers of the Treasury Department of the United States that the power of that institution would be arrayed against the whole proceeding unless we gave a pledge that the coin should not be removed, and that we would reinvest it in the bonds of the United States as they were offered in the markets of London. We were compelled to do it.” He also mentioned the case of the Geneva award, where we recovered a claim of \$15,500,000 against Great Britain, to be paid in gold, but by a similar threat on the part of the Bank of England, and through negotiations, the claim was paid by the transfer of our own bonds.

Thus the Government obligated itself to pay what it did not possess and what it could not get. It was anticipated that the receipts from import duties would be adequate to meet the interest on the bonds. It mattered not whether this was the case or not. Merchants had to obtain the gold somewhere to pay the duties.

The Bond-holders were now in a condition to make their own terms. They owned all the gold in

the country. Their bonds would absorb twice the amount of the annual product of the nation, and when the Government or importing merchants came to them and offered them legal-tenders for gold, it was in their power to ask any price they pleased, and they did not fail to take advantage of their power and opportunities. Gold began to go up with the increasing power of the Shylocks to monopolize and corner it. Gold went up, not because the value or general purchasing power of greenbacks became less, but because the owners of it controlled the whole amount, and could command any price they saw fit to ask.

The Government had created a demand it could not supply, and placed itself and the country at the mercy of a set of cold-hearted, soulless robbers. To show that it was not the depreciation of the greenback that caused gold to go up we have compiled a table showing the relative prices of gold, superfine flour per barrel, and mess beef per barrel, from 1860 to 1874. Our figures are taken from Fawcett, Berkey and the "Tribune Almanac":

Year	Gold	Flour	Beef
1860.....	\$1.00.....	\$5.25.....	\$10.75
1861.....	1.00.....	5.50.....	9.00
1862.....	1.00@1.37...	5.47.....	12.06
1863.....	1.37@1.72½..	5.87....	12.50
1864.....	1.72@2.85½..	6.30....	13.25
1865.....	1.46¾.....	9.72....	20.50
1866.....	1.41.....	7.60.....	19
1867.....	1.37.....	9.42.....	13.50
1868.....	1.36.....	8.70.....	15
1869.....	1.24.....	5.70.....	14
1870.....	1.10.....	4.92.....	14.50
1871.....	1.08.....	5.50.....	12
1872.....	1.11.....	6.00.....	10
1873.....	1.12.....	5.95.....	11
1874.....	1.13.....	5.95.....	10

These figures prove conclusively that there has been no depreciation in the value or purchasing power of the greenback dollar, but that gold, like beef and flour, bore a price according to the supply and demand at different times. Flour and beef went up during the war, not because the greenback was depreciated, but because the vast army of non-producers created an unusual demand. Gold went up because our Government gave a few pet Bond-holders a monopoly of it, and then created for it a demand that would allow them to put their own price upon it at the expense of labor, trade and production.

The above figures show :

1. That the fluctuation of prices in no respect correspond to the premium on gold.

That the value of gold, instead of a fixed and staple value, is constantly fluctuating, and that during these years it varied all the way from 1 per cent to 185.

That the variations in the price of gold have been greater than that of the average commodities

of the country, and is, consequently, an unreliable standard of value.—

By Act of June 30, 1864, all bonds, Treasury notes, and obligations of the Government, were exempted from taxation by, or under any State or municipal authority; they having previously been exempted from Government or National taxation. By the same act the volume of greenbacks was to be limited to \$400,000,000, and soon afterward the Shylocks scoured the country to find a man mean enough to carry out their damnable scheme of contraction, and succeeded in finding the man, Hugh McCulloch, who filled the bill to their satisfaction.

They have all the gold of the country, and an amount of bonds that will continue to absorb all the proceeds of industry, provided they can cripple the country so as to render it impossible for the Government to call in and pay the bonds at maturity.

By the terms of the contract the Government may call in the bonds any time after five years and pay them in the people's money, on the back of which is inscribed : Legal Tender at its face for all debts, public and private, except interest on bonds and duties on imports.

To prevent the Government from using its \$1,900,000,000 of greenbacks in payment of the bonds, a scheme to contract the currency was inaugurated by McCulloch, which became a law by Act of April 12, 1866.

This law authorized the Secretary of the Treasury, at his discretion, to receive any Treasury notes or other obligations (money) issued under any act of Congress, whether bearing interest or not, in exchange for any description of bonds authorized by the act to which this was an amendment, and also to dispose of any description of bonds authorized by such act to such an amount, in such manner, and at such rates as he may think advisable, for legal tender, or for any Treasury notes, certificates of indebtedness, or certificates of deposit, or other representative of value which have been, or may hereafter be issued under any act of Congress, the proceeds thereof to be used only for retiring Treasury notes and other obligations issued under any act of Congress. Provided, that of United States notes (regular greenbacks) not more than \$10,000,000 may be retired and cancelled within six months from the passage of this act, and thereafter, not more than \$4,000,000 in any one month.

The reader will bear in mind that all the different descriptions of indebtedness above referred to, as "representatives of value," such as certificates of deposit, and indebtedness, and Treasury notes, were issued in the shape, form and style of greenbacks, were passed from hand to hand as such, were legal tender, and went to make up the great volume of currency in circulation which this bill was intended to contract, cancel and retire.

On December 4, 1866, E.G. Spaulding, who had now become the Bond-holders' champion in Congress, wrote to Secretary McCulloch as follows :

“ You have no doubt now, to a large extent, control of the finances of the country, and I think that you will, of necessity, contract moderately, so as to preserve a tolerably easy money market, in order to be able to fund the compound 6s and 7-30s into long gold bearing bonds between this and the 15th of July, 1868. There may be occasional spasms and tightness for money with the speculators, but generally I shall look for plenty of money for legitimate business for at least a year

to come.”

Seven years passed away under the operations of this accursed contraction robbery.

It started a panic in 1873, which has resulted in the most wide spread and disastrous financial ruin the world ever experienced.

The bankruptcy of over 50,000 business firms, involving a loss of upwards of \$2,000,000,000 are a part of the fruits of this hellish scheme, to say nothing of the shrinkage of values of all kinds of property amounting in the aggregate to not less than \$16,000,000,000, and the end is not yet.

During the last decade there has been over 1,349,000,000 of legal-tenders destroyed, and over one-half of the coin has been rendered unavailing in the payment of the public debt or interest by the demonetization of silver.

## Chapter VII. ITS RIVAL—NATIONAL CURRENCY

Our fathers made a Constitution in which it was provided that the whole people should have the advantage of coining money and fixing the value thereof. Our present law-makers have sold this great right to a few, greatly to the injury of the many.—(E.M. Davis)

If there was one act of treason during the inception and prosecution of the war of the rebellion that towers high over all others, and should sink its perpetrators deeper in a traitor's hell than any other, it was the conception and creation of the National Banking Law.

The greenbacks, even though crippled in their birth, proved themselves abundantly able to save the Republic and maintain the integrity and prosperity of the nation; and that, too, without burdening the country with an interest debt, or laying the foundations of a system of robbery that should consign labor to the condition of serfdom.

But a system of finance that would give prosperity to the laboring masses, would furnish no support to the idle, interest-sucking drones and Shylocks. It would blast the hopes and prospects of the American sprig of the Money Power which the keen-eyed, heartless aristocracy of the old country had planted in the soil of liberty.

Let the reader exercise the same good sense and unbiased judgment in reviewing the acts of the framers of this law, and the motives which inspired them, that he would in regard to any other subject of vital importance to his personal interests and those of his children.

Secretary Salmon P. Chase was hit upon as the coy-duck, the stool-pigeon to induce the Government to enact this most infamous law.

In December, 1862, Secretary Chase, in his annual report, urged the passage of a national

banking law, “for the purpose of a sound, uniform circulation of equal value throughout the country, upon the foundation of national credit combined with private capital.” He did not claim, nor was it pretended by any of the friends of the measure that it could in any way aid the Government in its present trouble.

On the 2d of February, 1863, the bill was reported in the Senate by John Sherman. It was taken up on the 9th and passed on the 12th by a vote of 22 to 21.

On the 13th it was sent to the House, and without being referred to the Committee on Ways and Means, was taken up on the 19th and passed on the 20th by a vote of 78 to 64, and approved by the President February 25, 1863.

Led thus by Secretary Chase, it was lashed through Congress and became a law with but little discussion, in the brief space of ten days.

The Money Power must have a bond from which to draw luxury, velvet cushions, ease, power, wealth and prodigality, without labor or taxation, at the expense of the toiling, tax-paying millions.

The legal-tender system required no bond.

It gave them no undue advantage over wealth or the creators of wealth.

It was so democratic it allowed no place or foothold for an idle aristocracy.

The plan conceived was simply this :

1st. To suffer, for the time being, an unlimited amount of legal-tenders to be issued; to make them of various kinds—both interest and non-interest-bearing. Let that interest be both simple and compound. Although the non-interest bearing always answered every purpose, and paid as much debt and purchased as much property as the interest-bearing, the latter was made to exceed, by far, the former, in order to disgust the people and make it easy to convert them into the coveted bond.

As has been heretofore stated, every act that authorized the issue of a greenback, provided for a bond to catch it.

2d. By forced and designed depreciation of the greenback, the Money Power was able to accumulate vast quantities at 35 and 50 cents on the dollar and convert them into bonds at par.

3d. After having converted the great mass of legal-tenders, which had cost them less than half their face value, into gold-interest bonds, at par, ordinary avarice would have been willing to rest, and be satisfied with the semi-annual interest in gold. But our American Shylocks were not.

They next proposed to create and control a new department in the Government for the safe keeping of their bonds, and to collect and pay over their semi-annual interest and authorize this new department to issue to them “national currency money,” legal tender for all debts due to the Government, to the amount of 90 per cent of the currency value of their bonds.

So in case of any depreciation of currency below the face of their bonds, they would be entitled to receive an additional amount equal to the depreciation.

In short, their plan was to buy bonds at par with a depreciated currency, compel the Government to hold and safe-keep them, collect and pay them their regular interest, and then give back to them a national bank money equal in value to the whole amount they had paid for the bonds. They calculated well, made a wise choice of tools, and succeeded, as we will now proceed to show.

The entire act is too long to publish in this pamphlet, it consisting of seven chapters and 140 sections.

Berkey says [?]: The national banking system was a conception of the money kings of Europe and America, or rather the combined money aristocracy of the world. It was forced upon the people of the United States by urging Secretary Chase to recommend to Congress the establishment of a banking system that would serve their selfish purpose. They also prevailed upon Congress to reject all the good features of other banking systems and engraft upon it all of the evil ones, making the law wholly in favor of the bankers and against the people.

That it was made for the rich, and not for the masses, is evident from the fact that it provides that the banker shall deposit not less than \$50,000 in bonds of the United States with the Treasurer, as a pretended security for the ultimate redemption of the circulating notes.

But as the banker still continues to draw interest upon the bonds deposited, and as the time for the final redemption of the notes is optional with the banker, this pretended security is a sham and a farce.

The law provides that for every \$100,000 of bonds so deposited, the Government shall issue to the banker 90 per cent of the currency value of said bonds in national currency, to be used and loaned out as money, free from interest to the banker, but authorizing him to charge such rates of interest to borrowers as he may choose.

The national banking law provides—

1st. That any number of persons not less than five may form an association for carrying on the business of banking.

2d. That any such association shall have corporate power, to have succession for the period of twenty years, to make contracts, to sue and be sued, etc.

3d. The capital of such associations shall be not less than \$50,000 in places whose population does not exceed six thousand ; not less than \$100,000 in places whose population exceeds six thousand ; and not less than \$200,000 in places whose population exceeds fifty thousand.

4th. Every such association is entitled to receive from the Comptroller of the Currency circulating notes to the amount of ninety per cent. of the capital stock, if it does not exceed \$500,000 ;

#### ORGANIZATION OF NATIONAL BANKS

The manner in which National Banks may, and have been organized and put in operation, is thus given by Hon. S.S. Marshall, of Illinois, in a speech on the floor of Congress, July 21, 1868 :

“ An association of gentlemen (in an Eastern State) raised \$300,000 in currency. They went to the office of the Register of the Treasury and exchanged their currency for \$300,000 in six per cent. gold bearing bonds. They then went to the office of the Comptroller of the Currency, in the same building, organized a National Bank, deposited their \$300,000 in bonds and received for their bank \$270,000 in national currency. They had let the government have \$30,000 in currency more than they received for banking purposes, and had on deposit \$300,000, on which they received as interest from the government \$18,000 a year in gold (and exempt from taxation.) This was pretty good financiering for these bankers to receive \$18,000 a year in gold—on the \$30,000 in currency which they had thus loaned to the government. But this is not the whole story. They had their bank made a public depository. They soon discovered that there was scarcely ever less than \$1,000,000 of government money deposited within their vaults. They did not like to see this vast sum lie idle. They, therefore, took \$1,000,000 of this government money and bought \$1,000,000 of five-twenty bonds with it. In other words they loaned \$1,000,000 of the government’s own money to the government, and deposited the bonds received in the vaults of their bank, on which they received from the same government \$60,000 a year in gold as interest. Thus for the \$30,000 in currency, which they originally loaned the government, they received annually in all \$78,000 in gold.” But this was by no means the limit to the legalized robbery which these gentlemen were capable of perpetrating under the National Banking law. Since they had no scruples about investing the government deposit of \$1,000,000 in 5-20 bonds and appropriating the interest to their own use, it is not at all likely that they would stop there, when, by simply depositing the \$1,000,000 in 5-20 bonds with the Comptroller of the Currency, instead of in their bank vaults, they could draw eighty per cent. more currency, or by starting two new banks of \$500,000 each, they could draw ninety per cent. more currency, to substitute for that amount of the original deposit of the government used by them.

#### EXPENSE OF THE NATIONAL BANKS

The enormous cost of a medium of exchange, consisting of bank currency and bank credit, may be arrived at approximately in several ways. On the 1st of September, 1875, there were in operation 2,087 National Banks. The net earnings of the banks for the previous six months amounted to about \$30,000,000, or \$60,000,000 for the year. The officers of the banks, including presidents cashiers, tellers, bookkeepers, clerks, attorneys, notaries, etc., constitute an army of non-producers. Averaging the number at ten for each bank would give 20,000 persons. The chief officers of a bank are usually large stockholders, and the subordinate positions are mostly filled by their relatives, and in no other business, perhaps, do salaries rate so high. Averaging the salaries at \$2,000 per year each for 20,000 persons will give a total of \$40,000,000, which, added to the net earnings, gives a grand total of \$100,000,000 a year. Or, again, the aggregate loans and discounts of the National Banks on the first day of October, 1875, amounted to \$980,222,951. At ten per cent. interest the amount paid for this sum would be over \$98,000,000. To this add the interest paid by the people on the bonds deposited with the Treasurer of the United States—about \$390,000,000—at six per cent. in gold—about \$27,000,000, and it will give a grand total of \$127,000,000. From this it appears that the people are paying annually to the banks the enormous sum of about \$127,000,000, a sum greater than the interest on the public debt, for the use of some \$350,000,000 of bank currency. This burden is entirely unnecessary. A medium of exchange could and ought to be furnished by the government ; or, in the language of Jefferson, “Bank paper must be suppressed, and the circulating medium must be restored to the nation to whom it belongs.” The people would then have a

medium of exchange unencumbered with interest, and, what is vastly more important, one that would occupy the channels of circulation, subject only to the natural laws of trade.—Berkey

Thus was this monster of labor robbery created and set in motion during the darkest days of our country's history.

While patriotism and the Greenback were fighting the nation's battles in the name of liberty and democracy, traitors were at work in the halls of Congress plotting the destruction of one and the enslavement of the other.

Greenbacks and democracy go hand in hand in the great work of elevating mankind and creating national and industrial prosperity, while the national banks, or a monopoly of the money of the country by a law-favored few, is the strong arm of the idle aristocracy to rob industry and degrade labor to a condition of slavery.

Thus the contest between liberty and slavery, between democracy and aristocracy, has been raging for twelve years, while the result depends upon which shall succeed, the greenback or the national bank currency.

## Chapter VIII. REDEMPTION

In 1875, two years after the terrible crash of '73, seeing that the public mind had not awakened to a realizing sense of the cause of the calamity, the Shylocks ventured to make a bold and decisive move which would dash out of existence the last vestige of the greenback, even to the fractional currency, and convert the last remaining dollar into gold-interest-bearing bonds, which, while yielding them semi-annual or quarterly interest in gold, gave to them also the entire volume of the nation's currency.

To do this, they secured the passage of an act known as the Resumption Act, January 14, 1875. By the provisions of this act every dollar of greenbacks is to be redeemed and retired, from and after January 1, 1879, as fast as presented to the Treasury for that purpose. This bill further provides that all restrictions to the unlimited issue of national bank currency under previous acts, are repealed.

They had before claimed that the currency must be contracted.

That there was an excess, over and above all the needs of commerce.

That the volume was "inflated" beyond a healthy standard, and business could not become prosperous and stable until the currency was contracted down to a gold basis.

But what shall we think of their honesty when, by the very bill that was to wipe out every greenback, it was provided that the law limiting the aggregate amount of bank circulation, "be,

and is hereby repealed,” and that new banking associations may be organized, in accordance with existing law, “without respect to said aggregate limit”? Here is the act :

Be it enacted by the Senate and House of Representatives of the United States of America, in Congress assembled,

That the Secretary of the Treasury is hereby authorized and required, as rapidly as practicable, to cause to be coined at the mints of the United States, silver coins of the denominations of ten, twenty-five and fifty cents, of standard value, and to issue them in redemption of an equal number and amount of fractional currency of similar denominations, or, at his discretion, he may issue such silver coins through the mints, the Sub-Treasuries, public depositories and post offices of the United States, and upon such issue he is hereby authorized and required to redeem an equal amount of such fractional currency until the whole amount of such fractional currency outstanding shall be redeemed.

Sec 2. That so much of Section 3,524 of the Revised Statutes of the United States as provides for a charge of one-sixth of 1 per centum for converting standard gold bullion into coin is hereby repealed, and hereafter no charge shall be made for that service.

Sec 3. That Section 5,777 of the Revised Statutes of the United States, limiting the aggregate amount of the circulating notes of the national banking associations, be, and is hereby repealed, and each existing banking association may increase its circulating notes in accordance with the existing law, without respect to said aggregate limit ; and new banking associations may be organized in accordance with the existing law without respect to the aggregate limit ; and the provisions of the law for the withdrawal and re-distribution of national bank currency among the several states and territories are hereby repealed ; and whenever and so often as circulating notes shall be issued to any such banking association, so increasing its capital or circulating notes, or so newly organized as aforesaid, it shall be the duty of the Secretary of the Treasury to redeem the legal-tender United States notes in excess of only \$300,000,000 to the amount of 80 per centum of the sum of national bank notes so issued to any such banking association as aforesaid, and to continue such redemption as such circulating notes are issued until there shall be outstanding the sum of \$300,000,000 of such legal-tender United States notes, and no more. And on and after the first day of January, A.D. 1879, the Secretary of the Treasury shall redeem in coin the United States notes then outstanding on their presentation for redemption at the office of the Assistant Treasurer of the United States, in the city of New York, in sums of not less than \$50. And to enable the Secretary of the Treasury to prepare and provide for the redemption in this act authorized or required, he is authorized to use any surplus revenues from time to time in the Treasury not otherwise appropriated, and to issue, sell, and dispose of, at not less than par in coin, either of the description of bonds of the United States described in the act of Congress approved July 14, 1870, entitled, “An act to authorize the refunding of the national debt,” with like privileges and exemptions, to the extent necessary to carry this act into effect, and to use the proceeds thereof for the purposes aforesaid. And all provisions of law inconsistent with the provisions of this act are hereby repealed. Approved January 14, 1875.

It is claimed by some that the greenbacks, after being redeemed under this law, will be re-issued again by the Government and go into circulation.

Read the act carefully. The first section requires the Secretary of the Treasury to redeem the fractional currency in silver coin of like denominations.

Does any one pretend that was designed to re-issue this currency after it was redeemed ?

The third section authorizes the Secretary to redeem the legal-tender United States notes in excess of \$300,000,000, to the amount of 80 per centum of the sum of the national bank notes that may be issued under this unrestricted act and continue the redemption until there shall be outstanding only the sum of \$300,000,000.

Does any one pretend that this redeemed excess is to be re-issued by the Government ?

Certainly not, for if it were, the limit would never be reached.

But the same term, the word "redeemed," is used in reference to the \$300,000,000 that is to remain outstanding on January 1, 1879.

"And to enable the Secretary of the Treasury to prepare and provide for the redemption in this act authorized or required, he is authorized to use any surplus revenues from time to time in the Treasury not otherwise appropriated, and to issue, sell, and dispose of, at not less than par in coin, either of the description of bonds of the United States," etc.

If, after redemption, the greenback may be re-issued, then the fractional currency may be, and the excess of \$300,000,000, as fast and as often as the farce is repeated.

Rest assured that redemption means a retiring, canceling, wiping out of existence of the entire amount of the legal tenders.

What high-handed robbery !

When the legal tenders were issued by the Government, the people and the Government received the benefit of the full amount, without cost, for which they recovered full face value in property and services.

The whole amount now, or soon will be, if the redemption law is carried out, saddled upon the backs of the people in the form of a perpetual gold-interest-bearing debt.

This debt will enable the holders of it to keep the country in perpetual poverty by drawing from industry its entire surplus production.

This is not the worst feature of the act. It deprives the Government of the right to issue the currency of the country, and compels it and the people to buy it of the Bond-holders, who, by virtue of the law, is entitled to issue it free of cost in unlimited quantities.

Every dollar of currency after 1879 will consist of bank notes.

It cost not one cent, except for printing, and the Government even does that; and they, the petted, law-favored Shylocks, are to have the power, not only to absorb all the profits of labor as interest on their bonds, but a chartered right to compel the Government to print bills for them free of cost, and allow them to supply the country at any price the necessities of business may warrant them in demanding.

Was such an outrage ever tolerated by a people possessing sovereign power ?

In the name of heaven is it not enough that the money kings have seduced us into an agreement to pay them gold interest on all the legal tenders we ever issued ?

In 1879 we shall have no money to carry on the business of the country. The people and the business of the nation will require \$2,000,000,000 of paper currency. Who shall issue it and

who shall have the benefit of the issue ?

If the Government should say to the farmers of the United States, “Gentlemen, you shall each of you receive this \$2,000,000,000 in proportion to the assessed value of your lands,” it would be a fine thing for the farmers and enable them to lift every mortgage on the soil of Columbia, and something to spare for improvements.

But it does not say that. It says to the Shylock “You have gobbled up all of our money and induced us to burn it and give you bonds in its place. The country sees its folly, deeply feels the loss, and must have the currency restored. Now, according to the bond, and to keep the good faith with those who have robbed us, we, as a Government, cannot issue on our own account and for our own benefit any more currency.

“But we will coin, print, stamp, and give it full legal-tender value and make some one a present of it and let them have the full, free, untaxed benefit of it.

“We won’t give it to the farmers, for they are hard up; not to the merchant or the manufacturer, for they are on their last legs; nor to labor for most of that class are tramps and can help themselves.

“We will give it to them who hath an abundance, even the Bond-holder, whose bonds already draw from the rest of mankind all that they can earn. Yes, the Bond-holder; he who has already robbed the country and bankrupted and impoverished every element of prosperity in the land—he shall be the recipient of these royal favors.

“Of him the people shall borrow and pay more interest, and when the Government wants money, we will tax the people and compel them to borrow more of these robber pets.”

Do the people see the chains that are being forged for them ? Do they realize that they are helping to rivet them on their own limbs ?

Will they awake before they are bound hands and feet and armed sentinels placed over them ?

Rally, then, before it is too late ! Destroy the banks before they destroy you !

Disarm your enemy by paying him off in lawful money !

Resurrect the Rag Baby and restore the greenback !

#### THE GREENBACK PARTY DEMANDS :

1st. The repeal of the Resumption Act.

2d. Remonetization of silver.

3d. The repeal of the law authorizing the payment of the bonds in coin.

4th. The repeal of the National Bank Law.

5th. The greenback be made a full legal tender without exception.

6th. To call in the bonds and pay them off in lawful money.

## 7th. Tax all evidences of indebtedness, including United States bonds.

### Greenback Publications.

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For the use of men who are interested in the people, and would be informed of what the money changers are each year doing to destroy the American Republic, enslave American labor and bring intelligent, industrious manhood down to a slavery to an untaxed Money Power, the following works and documents are especially adapted :

American Finance.—160 pages, paper cover—price by mail 30 cents. Four copies \$1; fifty copies \$10.

Hot Drops No. 1.—A long sheet (for posting in public places,) representing the burning of greenbacks, and giving the amount of interest paid each year on Government untaxed bonds—Price by mail—100 copies, \$3; fifteen copies 50 cents; six copies, 25 cents; two copies 10 cents.

Hot Drops No. 2.—Picture and dialogue between a Bondholder and National Banker,—long sheet for posting in public places—By mail—100 copies, \$3; fifteen copies, 50 cents; six copies, 25 cents; two copies, 10 cents.

Meat for Men.—A sixteen-page pamphlet, to encourage men to think of the truths therein presented in a lively way—One copy, 10 cents; three copies, 25 cents; twenty copies, \$1; forty copies, \$2; 100 copies, \$4—Sent by mail.

History of the Greenback Dollar.—One copy, 10 cents; twenty-five copies, \$2; 100 copies, \$6.

Greenback Catechism.—A 32-page book answering questions from all parts of the country ; a red hot pocket companion for Greenback men with which to silence their adversaries. One copy, 10 cents; three copies, 25 cents; fifty copies, \$4; 100 copies, \$6.

“Multum in Parvo.”—One of each of the above, all in one package, will be sent by mail for 75 cents. If you order a copy of each, send for “Multum in Parvo,” and enclose 75 cents and receive a valuable assortment of interesting reading matter that will be great help to the Greenback cause, and especially serviceable to speakers and officers of Greenback Clubs.

Each of the above sent by mail for the prices named, that merely cover the cost of publication.

Circulate these truths among your neighbors.

Sample copies of Pomeroy's Democrat sent free to all who apply.

Address :  
M.M. Pomeroy, Chicago, Illinois.

POSTPONEMENT OF THE SPECIAL ORDER.

On Thursday, the 30th inst., MR. STEVENS moved to postpone the special order—the Treasury note bill—until to-morrow, for the purpose of going into the Committee of the Whole on the Army bill. The motion was agreed to. And on Friday, the 31st inst., he again moved to postpone the Treasury note bill until Monday, the 3rd of February, which was agreed to by the House.

On Monday, the 3rd of February, Mr. Vallandigham offered a modification of his substitute for the bill, for the purpose of having it printed for examination. This substitute will be found printed at length in the *Congressional Globe*, page 614.

MR. ROSCOE CONKLING—With the permission of the gentleman from Ohio, I desire to submit for the same purpose, the following, which I propose to offer, at the proper time, as a substitute for the whole bill. *Congressional Globe*, page 615.

MR. VALLANDIGHAM'S SPEECH.

MR. VALLANDIGHAM being entitled to the floor, addressed the Committee of the whole House for one hour, in favor of his substitute, and in opposition to the legal tender clause in the original bill. His speech will be found reported at length in the appendix to the *Congressional Globe*, pages 42, 43, 44 and 45.

He commenced by saying :

“ It has been my habit, Mr. Chairman, to premeditate, whenever premeditation was possible, whatever I have had to say in this House ; for no man has a right, in my judgment, to obtrude his immature thoughts and opinions upon a deliberative assembly.\*

\* \* \* \* \*

“ I propose to-day to discuss the subjects involved in this bill to the best of my ability, and with becoming candor and freedom, and I may add earnestness too ; for I have the profoundest conviction of their incalculable importance to the interests, present and future, of the United States, and of the people of this whole continent. Nor am I to be deterred from a faithful discharge of my duty by the consciousness that my voice may not be hearkened to here, or in the country, because of the continued, persistent, but most causeless and malignant assaults and misrepresentations, to which for months past, I have been subjected. Sir, I am not here to reply to them to-day. Neither am I to be driven from the line of duty by them. “Strike—but hear.” Whatever a silenced or mendacious press, outside of this House may choose to withhold, or to say, no man who is fit to be a member of this House, will allow his speech or his votes, or his public conduct here, to be controlled by his personal hates or prejudices. Sir, I recant nothing, and would expunge nothing from the record of the past, so far as I am concerned. But my path of duty now, as a Representative, is as clear as the sun at broad-noon. THE SHIP OF STATE IS UPON THE ROCKS. I was not the helmsman who drove her there ; not had I part or lot in directing her course.

But now, when the sole question is, how shall she be rescued? I will not any longer, or at least just now enquire who has done the mischief.

\* \* \* \* I do not agree, Mr. Chairman, with the gentleman who has opened this debate, (Mr. Spaulding,) that this bill is a war measure. Certainly, sir, it has been forced upon us by the war, but if peace were restored to-morrow, these \$100,000,000 would be just as essential to the "public credit as they are to-day."

Mr. Vallandigham continued his argument at great length. He insisted that the legal tender clause was unconstitutional, that it was a *forced loan*, and that it would be disastrous and unjust. He said no scheme of loan or taxation, or national bank, or currency, or other similar contrivance, could be devised, and put into operation in time to avert ruin and disaster. The Government has no money, no gold and silver coin, which is the only money in the world. He advocated Treasury notes, without any promise to pay money, and without the legal tender clause, which should pass as currency from hand to hand, between the Government and its creditors and debtors, and be supported by a nearly equal amount of taxes—such taxes to be received by the Government in these notes.

He urged that the experiment of forcing a paper currency upon the country, was a dangerous experiment, that it would lead to other enormous issues, gold and silver would be banished from circulation, an immense inflation would take place, "cheap in materials, easy of issue, worked by steam, signed by machinery, there would be no end to the legion of paper devils which shall pour forth from the loins of the Secretary." That inevitably there would follow bloated currency, high prices, extravagant speculation, enormous sudden fortunes, immense factitious wealth, and general insanity.

He objected to their being called "United States notes" instead of "Treasury notes," as they had always heretofore been called, and deprecated the idea that they were likely to be a permanent currency, or at least until the Secretary's grand fiscal machine, "his magnificent *National Paper Mill*, founded upon the very stock provided for in this bill can be put into operation." He insisted that these notes were not money, that they would not circulate as currency, would not be taken as legal tenders, and in discharge of judgments, and contracts, and state debts, or private debts, "though you should send them forth bearing ten times the image and superscription—the fair face and form of ABRAHAM LINCOLN, now president and CÆSAR of the American Republic."

He urged the substitute presented by him as follows :

"The fundamental idea of this substitute is to support and float these \$150,000,000, by nearly an equal amount of taxation and revenue, payable of course in these notes. The Government owe the people and the people owe the Government, each \$150,000,000, and these notes are primarily to be used as a common medium of payment between them. \* \* \*

\* I do not propose or pretend that these notes are to be convertible into gold and silver. They are not payable on demand ; they are not payable to bearer, nor payable at all. They

are not *to be* paid, but to circulate as currency receivable in Government dues, and finally to be funded in twenty year's stocks. They are not promises to pay, and are not therefore paper money. They do not represent gold and silver, of which the Government has none. \* \* \* \* \* The United States are to cease in part, for a time, to be a specie paying hard money Government, I deplore it profoundly. But imperious necessity demands it. There is no alternative, no matter what evils may follow.

But I utterly deny, sir, the right of the Federal Government to provide a paper currency, intended primarily to circulate as money, and meet the demands of business and commercial transactions, and to the exclusion of all other paper. It is not the intent or object of the substitute to furnish such a currency for the country. \* \* \* \* \*

Such, Mr. Chairman, is the substitute which I have submitted. It differs essentially from the bill. The one relies on force, the other upon credit ; the one looks to the direct and despotic coercion of law and arms, and the other to the indirect and ordinary coercion of taxes. \* \* \* \* \*

To my political friends let me now appeal for support, not only for this substitute, but of the taxation which must follow it, as essential to the maintainance of the good faith and credit of the Government.”

At the conclusion of Mr. Vallandigham's speech, Mr. Hooper, of Mass., obtained the floor.

#### MR. HOOPER'S SPEECH.

MR. HOOPER—“ The unusual exigencies of this country require that we should look for other and deeper sources of revenue than any to which we have heretofore been accustomed. We are contending for the maintainance of the Government, for the preservation of the Union, and for the enforcement of the laws, on which depend the existence, as well as the security of property.

To insure our success in this contest, great and unusual exertions have already been made. An enormous army, a powerful navy, with vast stores of artillery and ammunition, have been created. In providing for the sustenance, comfort, and equipment of the Army and Navy, the Government have been obliged to incur expenses far exceeding in magnitude any which have been hitherto known in our history. To continue them in their present state of efficiency, large additional sums must be expended ; and it now becomes the duty of Congress to devise methods by which these sums can be obtained with the least hardship to the people, and the least risk to the credit of the Government. In considering the means by which this is to be effected, it must be remembered that it is hardly possible for the Government to raise money for any purpose without occasioning some inconvenience to individuals. To oppose necessary measures, therefore, simply upon the ground that it will injuriously affect this class or that class of the people, is unreasonable. Parties interested may endeavor to show that the same objects can be effected with less hardship than by the methods proposed, or may endeavor to obviate any objectionable features, so far as may be consistent with the attainment of the desired end ; but they should always remember that the end aimed at must be attained ; that its attainment will require individual sacrifices in some form, and that it is the part of wisdom, of patriotism, and of discretion, to submit to such necessary sacrifices cheerfully when called upon, and not by their opposition attempt to excite popular clamour, and weaken the public

confidence in the Government, to which they are indebted for the safety of their persons, and the security of their possessions. Every step which tends to weaken the public credit has the effect of rendering private property more insecure, because it obstructs the Government in procuring its necessary funds in the ordinary way, and may oblige it to resort to the arbitrary modes of forced loans and heavier rates of taxation. At this moment, therefore, when for the time every hope of aid from foreign capital is idle, when the country is compelled to look to her own resources for the means with which to maintain her integrity and subdue the rebellion, not only does every dictate of patriotism, and every ennobling sentiment of humanity, call upon the capitalists of the country to rally in defence of the Government, but the meaner instincts of self-preservation admonishes them to submit to slight sacrifices now, that they may secure and preserve their property. Three measures have been considered in the Committee, which are, to some extent, connected together, and form a comprehensive system by which, it is believed, the Government will be enabled to procure the sums necessary to the successful prosecution of the war ; while, at the same time, the burden upon the capital of the country will be light, and the public will be benefited in some important particulars.

The first of these measures is the one now before the House, by which the Secretary of the Treasury is authorized to issue United States notes, not to exceed \$150,000,000 in amount (including those authorized by previous laws), of denominations not less than five dollars. They are not to bear interest, but are to be issued and received as money, convertible, at the option of the holder, into six per cent. stock of the United States, the principal and interest being payable either here or abroad, and these notes are to be a legal tender.

The second measure consists of a tax bill, which shall, with the tariff on imports, insure an annual revenue of at least \$150,000,000.

The third is a national banking law, which will require the deposit of United States stock as security for the bank notes now circulated as currency.

In order more fully to understand and more easily to meet any objections which may be urged against the first of these measures, being the one now occupying the attention of the House, it will be desirable to notice the other two, which are designed to be more permanent in their character., and upon the expected results of which the present measure is in some degree based.”

**MR. HOOPER** here explained the various modes of the proposed taxation, by which the credit of the government was to be supported, and also went into a full explanation of the National Currency Bank bill which had been prepared, and the manner in which the government bonds would be absorbed by the banks, as soon as the bill should go into operation. He then proceeded as follows :

“ The levying of the contemplated tax, the proper inauguration of the new banking scheme, and the successful negotiation of a new loan, are matters that will require time. In the meanwhile, the Treasury is comparatively empty, and the demands upon the government are numerous and pressing. To enable the government to support itself during this interval of time, and to facilitate the negotiation of their loans, the committee have decided to recommend the issue of government notes.

There is a necessity for money, and the object of the authority to issue \$150,000,000 U.S.

notes, not bearing interest and made legal tender, is to pay the creditors of the United States, and enable them to discharge their debts. \* \* \* \* \* The propositions of committees from Boards of Trade and banks, which recently visited Washington, submitted to the Secretary of the Treasury and declined by him, differed from the theory of this bill so far, as to require that instead of the issue of the United States notes the banks should be relied upon to furnish the amount needed. The effect of this would be that the government bonds must first be disposed of, and the money received for them paid to the contractors ; in other words, that the government should go into the money market and negotiate their bonds, without restriction as to the rate or terms, at a time when the government is discredited by the delay and the difficulties that have occurred in paying contractors and others ; taking the notes of suspended banks in payment of these bonds, and with these bank notes, thus obtained, pay off the contractors. The obvious effect of such an arrangement would be to put the reins of our national finances in the hands of the banks, leaving to them the direction of our path, with little opportunity for the government to exercise any influence on the subject. Exactly upon what terms the government bonds could be negotiated now, under such circumstances, no one can say ; but last Summer, when the banks made their negotiation with the Secretary of the Treasury for \$100,000,000, they at first refused to do anything, because the Secretary was restricted by law to taking par for seven per cent. bonds payable in twenty years, and for seven and three-tenths Treasury notes payable in three years. They finally decided, though with great reluctance—influenced by patriotic regard for the public interest as well as wisely consulting their own—to take \$100,000,000 of the latter ; though at that time, as now, money was not worth for commercial purposes more than five per cent. It is proposed in this bill to limit the Secretary to par for six per cent. bonds, the principal and interest to be payable in specie or its equivalent. It is believed that there can be nothing more secure than these bonds, which thus become, as it were, a standard of value in reference to the currency.

In the war of 1812 the Government paid for its supplies with funds obtained from the banks in the same manner as proposed in the plan recently submitted to the Secretary by those committees. The bonds of the United States were then negotiated in some instances at twenty per cent. less than their par value, and paid for in bank currency of different degrees of depreciation, according to locality, but averaging from twenty to twenty-five per cent. discount, as compared with coin. To render the government financially more independent, it is necessary to make the United States notes a legal tender. It is possible that they would become a practical tender, like bank notes, without providing for them to be a legal tender. If this were a foreign war there would be no doubt of it ; but in this present emergency, when those who are openly or secretly disloyal to the government are found everywhere to suggest obstacles that may embarrass the government, nothing should be omitted that will add to their efficiency. I am, therefore, in favor of making the notes a legal tender, believing the Secretary of the Treasury, who alone has the power to issue them, can and will use the power with his well known discretion, and that it will assist him in his endeavor to keep the notes at par with coin. We shall probably be told that England, in her great struggle, while specie payments were suspended, never made paper money a legal tender. But in this respect her example should serve us as a warning rather than a guide, because instead of it she did what was much worse, by suspending the laws to enforce the payment of debts in cases where the paper money had been refused as a tender.

\* \* \* \* \*

It is important in this great struggle to show the superiority of the principles of freedom, of education, of the elevation of mankind, upon which society at the North is based, over those of slavery, which doom men to hopeless ignorance in order to insure abject obedience. To do this our resources of every kind are abundant, both in men and in means ; and it is only necessary to draw them out in order to be successful.

To fail, would not be because the nation was so poorly endowed as to be without the means of success, but because it refused to make use of them. Such a result, if it were possible, would not weaken the truth of the great principles for which we are contending ; but would simply demonstrate that we, of this generation, were faithless in guarding those principles ; faithless to ourselves ; faithless to our country ; faithless to good government throughout the world ; and, since such infidelity is a violation of unquestionable duty, faithless to God.”

**MR. ROSCOE CONKLING** obtained the floor.

Mr. MORRILL, of Vermont—“ I ask the gentleman from New York to yield the floor. Two members of the majority of the Committee of Ways and Means have spoken on this question, and if the gentleman will permit me now to *express the views of the minority of the Committee against the pending bill*, I will be obliged to him.”

MR. ROSCOE CONKLING—“ I yield to the gentleman from Vermont.”

MR. STEVENS—“ I feel it my duty to state that the Treasury Department is urgent for the passage of this bill, and I trust, therefore, that the vote on it will not be put off longer than Thursday next.”

MR. SPAULDING—“ I desire to call the attention of the House to a letter which I have just received from the Secretary of the Treasury. It is a note to me urging the immediate passage of this bill without further delay. For the purpose of letting the House understand the necessities of the Treasury, I ask the Clerk to read an extract from that letter.”

The Clerk read as follows :

“ Immediate action is of great importance. The Treasury is nearly empty, I have been obliged to draw for the last installment of the November loan. So soon as it is paid, I fear the banks generally will refuse to receive the United States notes, unless made a legal tender. You will see the necessity of urging the bill through without more delay.” \* \* \*

Mr. THOMAS, of Massachusetts—“Has the gentleman any further communication that has been received from the Secretary of the Treasury with reference to this bill ? If there has been any received I hope he will be kind enough to have it read to the House.”

MR. SPAULDING—“ A communication has been addressed by the Secretary of the Treasury to the Committee of Ways and Means, and I have no objection to its being read.”

Mr. ROSCOE CONKLING—“ I would like to know whether the gentleman intends to have the whole of the communication read, or only extracts ?”

MR. SPAULDING—“ I ask the Clerk to read what I send to him. The balance of the communication is in relation merely to formal amendments. What the Clerk will read is all of the communication that refers to the principle of the bill.” MR. VALLANDIGHAM—“ Has the Committee of Ways and Means received the letter it was expecting from the Secretary of the Treasury ?”

MR. SPAULDING—" This is the one."

(The Clerk here read the letter of the Secretary of the Treasury, dated January 29, 1862, as published on page 45.)

MR. ROSCOE CONKLING—" I now call for the reading of the rest of that letter."

MR. SPAULDING—" There is not the least objection to its being read. It is, however, in the committee room. I will state what the remainder of the letter is. The Secretary of the Treasury suggests some amendments to the bill. He proposes two new sections to the bill, one relating to counterfeiting and the other in regard to the manner in which the notes shall be executed. He proposes instead of having them signed by clerks that there shall be a seal or die engraved upon them, which will indicate the authority under which they are issued."

MR. ROSCOE CONKLING—" Are those the only amendments?"

MR. SPAULDING—" There are two or three smaller amendments not affecting the principle of the bill, however, in any way. We propose in the committee to act on those amendments to-morrow morning. If the letter were here I would not have the slightest objection to its being read."

MR. LOVEJOY—" I want to ask the gentleman of the Committee of Ways and Means whether they intend to propose to have action on this bill before action is taken on the tax bill?"

MR. SPAULDING—" *I have been anxious to have the tax bill brought in to be first considered ; but the gentleman from Vermont (Mr. Morrill), who is chairman of the sub-committee on the Tariff and Tax bills, informs us that the sub-committee having that matter in charge will not be able to report to the Committee of Ways and Means for several days yet. The necessities of the Treasury, therefore, will compel us to act on this bill, however reluctantly, before the Tax bill can be introduced.*"

MR. ROSCOE CONKLING—" I hope that the remaining portion of the letter of the Secretary of the Treasury will be printed in the *Globe*."

MR. SPAULDING—" I have no objection to that."

MR. ROSCOE CONKLING—" The gentleman has read the whole letter, and *I ask him to state whether the Secretary is for or against this bill with the legal tender provision in it.*"

MR. SPAULDING—" He is for it. I have another letter from him in which he states that he is anxious to have it passed in that form."

MR. ROSCOE CONKLING—" Let us have that read."

MR. SPAULDING—" It is a letter to myself."

MR. MAYNARD—" I ask my colleague on the Committee of Ways and Means whether the portion of the Secretary's letter which has been read is not all of it that appertains to the principle of the bill ; and whether the balance does not relate merely to matters of detail."

MR. SPAULDING—" Yes, Sir. I will read a paragraph of the letter written by the Secretary to myself this afternoon :

" I came with reluctance to the conclusion that the legal tender clause is a necessity ; but I came to it decidedly, and support it earnestly. I do not hesitate since I have made up my mind. \* \* \* \* The conclusion I have arrived at has convinced me that it is important to the success of the measure."

And then, on motion of Mr. Wright, the House (at half-past four o'clock P.M.) adjourned.

The following is a copy of the letter of Secretary Chase referred to in the foregoing proceedings of the House, and from which extracts were read :

LITTER FROM HON. S. P. CHASE.

MONDAY, 3d February, 1862.

MY DEAR SIR :—Mr. Seward said to me on yesterday that you observed to him, that my hesitation in coming up to the legal tender proposition embarrassed you, and I am very sorry to observe it, for my anxious wish is to support you in all respects.

It is true that I came with reluctance to the conclusion that the legal tender clause is a necessity, but I came to it decidedly, and I support it earnestly. I do not hesitate when I have made up my mind, however much regret I may feel over the necessity of the conclusion to which I come.

I have just sent a note to Mr. Stevens, with two sections (penal) instead of one. You will, I think, see the necessity of them. The one I have already sent I fear is not quite strong enough. What has the Committee done about the amendments suggested? I thought them important.

*Immediate action is of great importance. The Treasury is nearly empty. I have been obliged to draw for the last installment of the November loan; so soon as it is paid, I fear the banks generally will refuse to receive the United States notes. You will see the necessity of urging the bill through without more delay.*

Very sincerely yours,  
S. P. CHASE.

HON. E. G. SPAULDING.

On the 4th of February, the House gave consent to Mr. Morrill to have printed a substitute having the sanction of *one-half the Committee of Ways and Means*, which he proposed to offer at the proper time in place of the original bill. Mr. Stratton, one of the Committee, changed his mind, and now favors the substitute instead of the bill first reported, leaving the Committee of Ways and Means equally divided.

MR. MORRILL'S SPEECH.

Mr. Morrill, of Vermont—" Mr. Chairman : Engaged as I have been upon other matters of at least equal importance, I have not had the time to prepare an elaborate speech ; but the subject of issuing \$150,000,000 of paper currency and making it a legal tender by the Government at a single bound—the precursor, as I fear, of a prolific brood of promises, no one of which is to be redeemed in the constitutional standard of the country—could not but arrest my attention, and having strong convictions of the impolicy of the measure, I should feel that I utterly failed to discharge my duty if I did not attempt to find a stronger prop for our country to bear upon than this bill—a measure not blessed by one sound precedent and damned by all.

I know the gentlemen who have had the latter in charge have bestowed upon it much time

and perplexing thought, and from their thorough knowledge of the subject and large acquaintance with the monetary circles of the country, their opinions will have great weight in this Committee—deservedly so—and I shall only claim a candid hearing in behalf of the substitute of the minority of the Committee of Ways and Means, well knowing that we are all inflamed by the same zeal for the triumphant success of our arms, the same solicitude for the honor and welfare of the people, who mean to live and die under the flag of our Union, and that we can have but one wish, which is, that the best plan shall be adopted.

\* \* \* \* \*

We are urged by the gentleman from New York (Mr. Spaulding) to pass this bill as “a war measure”—“a measure of necessity,” and to enforce this idea he gives you the figures of our probable requirements, if the war should be prolonged until July 1, 1863. Sir, I have no expectation of being required to support a war for that length of time. The ice that chokes the Mississippi is not more sure to melt and disappear with the approaching vernal season, than are the rebellious armies upon its banks when our western army shall break from its moorings and rush with the current to the Gulf, and baptise as it goes, in blood, the people to a fresher allegiance. At the same time, the men of the East will only ask for an opportunity to cross bayonets with the chivalry—to leave epithets and try what virtue there is in steel ! That hour is approaching, and I have no fear of the result.

‘ Fly swiftly round, ye wheels of time ! ’

We can close this war by the 30th day of July next as well as in thirty years. Let us second general McClellan for a ‘short and sharp’ conflict. By so doing we shall economise both blood and Treasury notes.

If this paper money is ‘a war measure,’ it is not waged against the enemy, but one that may well make him grin with delight. I would as soon provide Chinese wooden guns for the army as paper money alone for the army.\* \* \* \* \*

If, by the provisions of this bill, we cut ourselves off from all other resources, it is to be considered how much could be realized from this, in my judgment, the weakest resource within our grasp, which is the power of a hank issue, without any capital, and not even specie enough to tender the odd change. It is an experiment to inject, by a governmental force pump, into the arteries of commerce a new currency, when the arteries are already filled. The whole bank circulation of the United States in 1860 was \$207,102,477 ; that of the rebel States was \$50,647,028, leaving for the loyal States \$156,566,419. But at this time, in consequence of the diminution of all business, except that nourished by the war, the bank circulation is over \$20,000,000 less, or about \$136,000,000. I admit that we can drive a considerable share of this home upon the banks, and substitute that of the notes of the United States in its place.\* \* \* \* \*

It is thus apparent that \$20,000,000 is about all that would be absorbed by this country, or kept afloat in the present condition of monetary affairs without the intervention of Congressional omnipotence in making them a legal tender. If so made, they would, to the extent they are tendered for public dues, be a forced loan ; and to the extent of the difference between their current value and that of standard coin, it would be a breach of public faith. It is true that the measure might be hailed with delight by bankrupts ; and if the bill passes, my friend from New York (Mr. Conkling) no longer need press his bankrupt law, for they would have no occasion to go into Chancery in order to scale and settle off with their creditors, as “legal tenders” would soon be offered at rates entirely within their means. The Government can flood the country with 150,000,000 paper dollars, but from that moment you would vastly increase the cost of carrying on the war ; prices would go

up, and the addition we should pile upon our national debt would prove that it might have been even wiser to have burnt our paper dollars before they were issued. The inflation of the currency would be inevitable. In ordinary times few comprehend the Archimedean leverage of a few millions added to or subtracted from the currency of a nation actively engaged in the affairs of the world.\* \* \* \* \*

No one here contemplates but that at *some* future time the banks and the Government shall resume specie payments—the banks depending entirely upon whether the Government does so or not—and if so, I invite them to calculate the cost of the descent from that basis, the cost of the return, the expiratory pains to be suffered, and then determine whether we shall carry on this war on a specie basis, or on a ceaseless flood of paper, bartered at discordant prices in every city, town and hamlet of the country, bearing in mind, however cheaply obtained, every dollar is to be and will be ultimately repaid in gold and silver coin raised by taxation.

That I am not wrong in supposing if we launch this measure that we have nothing else to put afloat, is quite apparent in the able speech of my friend from New York (Mr. Spaulding), who plainly occupied his ground reluctantly ; for besides the 150,000,000 of notes he now proposes to authorize, he more than hints at the possibility of “a further issue of demand notes, if Congress shall hereafter deem it necessary.” I maintain that the bill, as reported by the Committee of Ways and Means, should not pass, because it will infinitely damage the national credit ; because it will cut off all other chance of supplies ; because it will reduce our standard of legal tender, already sufficiently debased ; because it will inflate the currency and increase manyfold the cost of the war ; because it would slide into the place proper for taxation ; because, as a resource, it must ultimately fail, and tend to a premature peace ; because it is a question of doubtful constitutionality ; because it is an *export facto* law, immoral, and a breach of the public faith ; because it will at once banish all specie from circulation ; because it will dampen the ardor of our men at home, as well as soldiers in the field ; because it will degrade us in the estimation of other nations ; because it will cripple American labor, and throw at least larger wealth into the hands of the rich ; and because there is no necessity calling for such a desperate remedy. I agree with the gentleman from New York (Mr. Spaulding) in one thing most cordially ; our finances stand in need of the tonic of decided military success. Without that our stocks will continue to be quoted *flat*. And yet I am no chronic grumbler. Standing at zero, our army rose as if by a magical wand and illumined the whole heavens by its magnificent sweep. Do not let it be said we rose like the rocket and fell like the stick.

Mr. Chairman—It will be seen from the substitute, as proposed on the part of *one-half of the Committee of Ways and Means*, that I do not object to the issue of United States notes to a limited extent, to circulate as currency. It is both convenient and proper. But I wish to have this issue marked by metes and bounds, saying at the outset, ‘ thus far shalt thou go and no further.’ Then, let them be based on as solid a foundation as the everlasting hills *that they shall be the full equivalent of standard coin*. This can be done by fixing the amount ample, but reasonable, that no more than the fixed amount shall at any time be put in circulation, and by providing taxation sufficient at all times to retire them or to maintain their full value. But, with all the earnestness I possess, I do protest against making anything a legal tender but gold and silver, as calculated to undermine all confidence in the Republic, whose reputation should be clearer to statesmen, as well as to soldiers, than life itself.\* \* \* \* \*

*We propose no new issue of Treasury notes, but leave the fifty millions already authorized to be issued and re-issued as may be found necessary or convenient. This will*

*secure us against an inflated currency.*

Then it is proposed to issue \$100,000,000 in United States notes, bearing interest at the rate of three and sixty-five hundredths per cent., payable at the pleasure of the United States, and allowing them with accumulated interest to be received for all debts and demands (taxes included) due to the United States, except duties on imports, and exchangeable at the will of the holder, whenever presented in sums not less than fifty dollars, for United States seven and three-tenths per cent. coupon or registered stock. They are also to be received at par, with accumulated interest, for any bonds the Government may hereafter issue. These are to be paid out for all salaries, debts and demands due to individuals and corporations, *at their option within the United States*. In substance this is very like English Exchequer notes issued in anticipation of revenue. It is most probable these notes would maintain their credit at or near par ; and if there should be any difference between these and gold, it would be an honest difference, visible to all men. As they accumulate they will be funded and retired, or re-issued, as the exigencies of the Government may require. They equip the Treasury as well as any legal tender paper could do, while bearing interest they would not pass into the general volume of the currency, and they afford the only possible channel of obtaining any considerable sums to be consolidated into stocks. They cannot exceed the amount of internal duties that will be levied, which will create a sure and constant demand for these notes, and sustain their credit in every State and Territory in the country.

We do not propose to receive these notes for duties on imports, for the reason that it is desirable to leave the tariff stable amid all fluctuations, and also that we may secure the coin we promise to pay out as interest on the bonds.

It is then proposed, in order to perfect this plan in all its parts, to issue \$200,000,000 in coupon or registered bonds, payable in ten years, with interest semi-annually in coin, at the rate of seven and three-tenths per cent. per annum. This is comparatively a high rate of interest, and it may be necessary that it should be so, in order to get the stock taken up by capitalists ; but the time the bonds are to run is limited to ten years, because it would be much against the interest of the United States to engage to pay a high rate of interest for a long period of time. We think there can be no doubt that these bonds will all be taken, commencing as soon as the tax bill shall be passed. Unless the credit of the United States shall be utterly shattered, which is not for a moment to be apprehended, these bonds must be considered a most desirable investment, both in large and small sums.

It is proposed to issue \$300,000,000 in coupon or registered bonds, payable in twenty-five years, with interest at six per cent., payable semi-annually in coin. Usually, government bonds running for the longest time command the highest price, and for permanent investment are most eagerly sought after, at home and abroad. As we emerge from our present embarrassments, the other forms of debts due by the United States will naturally be funded in such stock.

We promise coin for all interest on bonds, as it is indispensable that all engagements assuming this solemn form should in no instance repudiate the standard of the Constitution.

We strike out all words in relation to any foreign loan, as during this war we expect to fight our own battles, furnish our own means, without any foreign aid or assistance ; and if we can be permitted to do that we shall ask no favors.

The substitute avoids all the material, and, we might say, fatal objections to the original bill ; is entirely practical and feasible in its character, and will not only relieve the Treasury from its present necessities, but do something toward making provision for the

future wants. It is a question that will mark for weal or for woe an important page of our history ; and I invoke the courage and judgment of the Committee to meet the question with that cool deliberation its high moment demands.”

#### ROSCOE CONKLING’S SPEECH.

“ Mr. CHAIRMAN—The member of the Committee of Ways and Means (Mr. Spaulding), by whom this bill was reported, was well warranted in all he said of its great magnitude, and of the thoughtful, serious, courageous attention due to its consideration. It concerns the life of the nation—the means whereby it lives. The credit of the government, like the credit of an individual, consists of the ability and integrity to pay all debts and perform all promises with scrupulous exactness and punctuality. This ability and integrity, this untarnished public faith and unquestioned pecuniary solvency is that without which no Government can long survive. Public credit alone cannot confer national immortality or national longevity, but the loss of public credit will be inevitably and swiftly followed by national decrepitude and national death. This is true in peace, when wars and rumors of wars are hushed throughout the earth ; it is true in uneventful times, in periods barren of action and prolific of repose ; but what shall be said of its urgent, warning truth, as applicable to us in this dark hour of trial and of danger ? *Immediate and adequate financial facilities constitute, beyond all question, the overtopping, overmastering subjects with which we have the power to deal.*

*Gentlemen have longed for victories to re-invigorate the languishing energies of finance.* Victory, no doubt, would exert a potent influence ; but, sir, the Treasury will control and decide the war, not the war the Treasury. Indeed, the question of money and credit is all there is before us ; it is practically the only unsettled question of the war. Armies and navies may perish, and a public credit, well preserved, can replace them ; but if the public credit perishes, the army and navy can only increase the disaster and deepen the dishonor.

\* \* \* \* \*

I deny that any necessity is upon us to take the case out of settled rules. We need money—large sums of money—and the whole resources and property of the nation are liable to pay tribute to raise it. We owe debts—large debts—and the whole property of the country is holden to pay them. Does anybody suppose that the security is not ample, or the re sources not abundant ? My colleague from the Erie District (Mr. Spaulding) told us that the taxable property of the nation amounts to sixteen thousand millions of dollars ; and he produced a statement from the Census Bureau to prove it. In reality it is vastly more than that, because he gave us a self-fixed valuation—the valuation fixed by proprietors themselves, leaving an interest in reducing and covering up the amount.

According to my colleague, at the end of this fiscal year our debt will be only \$650,000,000. One would think here was margin enough for Wall street, State street, or Chestnut street. Sir, it is margin enough, properly husbanded from first to last, to enable us to raise all the money we want at five per cent., and history proves it.

Now, sir, what does this plea of necessity mean—this plea upon which we are invited to leave the trodden paths of safety, and seek new methods of ‘ winning false moneys from the crucible called debt ? ’ What is the necessity which prevents adherence to the old and approved methods of raising money ? The arguments must be two-fold : first, that the people will be better ready at some other time than the present to pay what, in the end, they must pay, with interest ; and second, that necessary and legitimate taxation will be

unpopular, and bring denunciation upon those who vote it. Sir, I take issue upon both proposition. I say the country is rich and ready. Money is abundant—very abundant. There is in the loyal States \$250,000,000 of gold—the gentleman from Massachusetts (Mr. Alley) said the other day \$300,000,000—more than ever before, and if we deserve it, we can have it. The whole country is full of wealth. The enormous expenditures of this home war have been made among ourselves, and the money has remained here and not gone into the channel which foreign war prescribes for currency. The harvest has been abundant ; materials and productions, raw and wrought, have been in great demand ; and nearly every loyal State teems with the elements of material prosperity. From a very extravagant, we have lately become a very economical people, and thus the percentage, as well as the aggregate of savings of earnings, is unusually great. We are able to pay now, and we never can pay better than now. \* \* \* \* \*

There is one thing, however, about the proposed banking scheme, and about the bill before us, intended probably to attract votes, which seems of very questionable policy and very doubtful ethics. I mean hostility to the existing banks of the country. And inasmuch as I own not a farthing in the stock of any bank, and have not the slightest connection with one, perhaps a word in behalf of banks in loyal States will be borne with from me.

The present troubles, or rather their own patriotic action, have broken the banks ; for every commercial man in this House knows that the banks were never stronger than when the Secretary of the Treasury appealed to them for loans. *They allowed the Government to carry of their specie, their capital from their vaults*, and if that did not break them, they at all events might have adopted a policy which would have saved them. But they had to suspend, and the design of this bill would seem to be to prevent their resumption of specie payment. At all events, it is obviously the policy in some quarters to preach a crusade against the present banks, and array prejudices and votes on that issue.\* \* \* \* \*

I propose to assign my reasons briefly for voting against the attempt by legislation to make paper a legal tender. The proposition is a new one. No precedent can be urged in its favor ; no suggestion of the existence of such a power can be found in the legislative history of the country ; and I submit to my colleague, as a lawyer, the proposition that this amounts to affirmative authority of the highest kind against it. Had such a power lurked in the Constitution, as construed by those who ordained and administered it, we should find it so recorded. The occasion for resorting to it, or at least referring to it, has, we know, repeatedly arisen ; and had such a power existed, it would have been recognized and acted on. It is hardly too much to say, therefore, that the uniform and universal judgment of statesmen, jurists and lawyers has denied the constitutional right of Congress to make paper a legal tender for debts to any extent whatever. But more is claimed here than the right to create a legal tender heretofore unknown. The provision is not confined to transactions in *future*, but is retroactive in its scope. It reaches back and strikes at every existing pecuniary obligation. This was well put by the gentleman from Ohio (Mr. Pendleton), and I concur with him that substituting anything for gold and silver in payment of debts, and still more of precedent debts, is of very doubtful constitutionality.\* \* \*

But, sir, passing, as I see I must, from the constitutional objections to the bill, it seems to me that its moral imperfections are equally serious. It will, of course, proclaim throughout the country a saturnalia of fraud—a carnival for rogues. Every agent, attorney, treasurer, trustee, guardian, executor, administrator, consignee, commission merchant, and every debtor of a fiduciary character who has received for others money, hard money, worth a hundred cents in the dollar, will forever release himself from liability by buying up for that

knave's purpose, at its depreciated value, the spurious currency which we shall have put afloat. Everybody will do it except those who are more honest than the American Congress advises them to be. Think of savings banks entrusted with enormous aggregates of the pittance of the poor, the hungry, and the homeless, the stranger, the needlewoman, the widow and the orphan, and we are arranging for a robbery of ten, if not of fifty, per cent. of the entire amount, and that by a contrivance so new as never to have been discovered under the administration of Monroe Edwards or James Buchanan. To reverse the picture : after the act shall have gone into effect, honest men undertake transactions based upon the spurious tender at its then value. By and by comes a repeal, and they are driven to ruin in multitudes by the inevitable loss incident to a return to metallic currency.

\* \* \* \* \*

The whole scheme pre-supposes that the notes to be emitted will be lepers in the commercial world from the hour they are brought into it ; that they will be shunned and condemned by the laws of trade and value. If this is not to be their fate, what is the sense, as was said in the Federal Constitutional Convention, in attempting to legislate their value up. Now, sir, I do not believe that you can legislate up the value of a thing any more than you can make generals heroes by legislation.

\* \* \* \* \*

Mr. Chairman—I believe all the money needed can be provided in season by means of unquestionable legality and safety. The substitute I have offered will, I believe, without essential alteration, effect that result.”

**MR. CONKLING** estimated the national debt up to July 1, 1862, at \$806,000,000, and concluded as follows :

“ There has been no such occasion presented to a nation, no such demand made upon a nation during the lifetime of the human race. The history of America, the history of free government, the history of constitutional liberty begins or ends now. We have our career and our traditions as a nation ; they are safe ; but our history is yet to be made. Our destiny is without an ally in the world, with nations banded against us, to hold fast a continent in the midst of the greatest, guiltiest revolution the world has ever seen.”

**Mr. Bingham**, of Ohio, obtained the floor.

**Mr. STEVENS** offered a substitute for the original bill, which he asked to have printed. After **Mr. Bingham** had concluded his speech, the substitute thus offered by **Mr. Stevens** was ordered to be printed.

#### MR. BINGHAM'S SPEECH.

**MR. BINGHAM**—“ It was far from my purpose, when I came early to the House to-day to attend a meeting of the Committee on the Judiciary, to enter upon any discussion of the important question which now commands the attention of the Representatives of the people ; and but for some remarks which have been made to-day by the honorable gentleman from New York (**Mr. Roscoe Conkling**), I would not feel disposed now to address the Committee. But, sir, as a Representative of the people, I cannot keep silent when I see efforts made upon this side of the House and upon that to lay the power of the

American people to control their currency—a power essential to their interests—at the feet of brokers and of city bankers, who have not a title of authority, save by the assent or forbearance of the people, to deal in their paper issued as money.

I am here to-day to assert the rightful authority of the American people, as a nationality, sovereignty, under and by virtue of their Constitution. In saying that the people of this Republic are one people, a sovereignty, I do not feel that I shall be confronted by any of the great names of the illustrious dead who have suddenly found favor with gentlemen upon the other side of the House. Living, there was no epithet in our language too severe in its condemnation, or too much uncharitable in its import, for the fit denunciation by certain parties of the alleged political heresies of the illustrious man, Alexander Hamilton, and that other illustrious man, Daniel Webster, who for strength of intellect stood alone among the living ; and now dead, in his honored grave, sleeps alone by the sounding sea. I am not myself of that class of admirers who persecute men while living and heap tuns of granite and pour empty adulation upon their ashes when dead. I prefer to respect them and their authority while they stand among the living men of to-day. These great names have been invoked in this debate. For what purpose ? For the purpose of denationalizing the people ; for the purpose of stripping the American people of the attributes of sovereignty ; for the purpose of laying, as I said before, at the feet and at the mercy of brokers and hawkers on 'Change the power of the people over their monetary interests in this hour of national exigency.

Sir, there is nothing in the records of these illustrious men that justifies any such base use of their utterances, which were made not only for the instruction of the men of their own day, but for the guidance of all that were to come after them. I venture to affirm—without having recently had the opportunity to read much of what he said upon that subject—that Alexander Hamilton, peerless almost among the founders of the Constitution, never intimated in any paper of his that the Government of the United States could not, at its pleasure, issue Treasury notes, either payable upon demand or payable upon time. There was much said by my respected colleague (Mr. Pendleton) with which I entirely and altogether agree ; but, sir, when my colleague *seemed* to intimate in his argument that he found any warrant in the elaborate papers of Alexander Hamilton against this authority or power of the Congress of the United States to authorize the issue of Treasury notes, either payable upon time or upon demand, he greatly mistook the spirit of all he has written, and which has been transmitted to us. My colleague was adroit in the handling of the papers of Hamilton, which will live as long as our language lives. He was one of those men upon whom it pleased God to confer those extraordinary gifts which command the homage and admiration of men, whether they agreed with him or not. The passage which my colleague quoted from his work was an argument in which he showed the propriety of establishing a national bank, authorized to issue currency, and he gave certain reasons therefor. My colleague is a most excellent lawyer. He knows well, and so did Hamilton know well when he made that argument, that what the Government does by another it does by itself.”

Mr. BINGHAM argued at great length that Congress had the power under the Constitution to authorize the issue of Treasury notes, payable on demand or payable on time, redeemable in gold and silver, or other legalized coin, and make them a legal tender ; and that the present bill did not contemplate any other issue. He insisted that Congress, by the Constitution, was invested with certain powers, and as to the objects, and within the scope of those powers, *it was sovereign*. That the Constitution

contained no words giving to Congress the power to make gold or silver coin, either foreign or domestic, a legal tender. It has the power to coin money, and regulate the value thereof and of foreign coins, but the Constitution does not contain any words declaring that these coins shall be a *legal tender*. The point I make is this : Congress has power by the Constitution to fix the standard value of foreign coin and of domestic coin, and the power to declare a legal tender, and that these powers are distinct. It may *declare what shall be a legal tender*, either foreign coin or domestic coin, or *paper* representing coin. It is done by *act of Congress*. Nothing ever was a legal tender under the Constitution in discharge of debt but by express provision of an act of Congress. That the power “to regulate commerce” confers on Congress the power to declare what should be received in payment of debt. It is not restricted to gold and silver, but the Government may issue Treasury notes, redeemable in gold and silver, and declare them a legal tender in payment of debts. He denied that this bill would “impair the obligation of contracts.” There is no such limitation as that imposed by the Constitution upon the power of Congress. It is a limitation upon the *States*, and not upon the United States. It was not by inadvertence that the framers of the Constitution omitted to impose upon Congress this express restriction upon the States against impairing the obligation of contracts. They proclaimed in the absence of such limitations that whoever, within the jurisdiction of the United States, enters into any mere money contract, either public or private, enters into it subject to the sovereign power of the people, to determine at any time, by legislative enactment, what shall discharge it. It is of the essence of the contract.

He did not share in any of the fears entertained or intimated that the people will revolt at this measure. He had an abiding faith in their loyalty, in their love of law, in their settled purpose to suffer and strive, to labor and sacrifice, that they may maintain their Government and transmit it unimpaired to their children.

MR. SHEFFIELD, of Rhode Island, followed Mr. Bingham in a lengthy speech in opposition to the legal tender clause in the bill. He insisted that it was unconstitutional, and an odious feature. The fact that you propose to force these notes upon the public against the will of the people implies that force is necessary, in your judgment, to induce people to take them. He said that if the legal tender clause was stricken out he would vote for the bill, notwithstanding it was objectionable in other respects. (Mr. Sheffield’s speech will be found reported in the *Congressional Globe*, page 640-1.)

On Wednesday, February 5th, several speeches were made for and against the bill, all of which are fully reported in the *Congressional Globe*, but the limits of this narrative will not admit of their being published here. Only a brief sketch can be given at this time. Mr. Chrisfield, of Maryland, spoke for one hour in opposition to the legal tender clause in the bill.

“ He admitted that the accustomed currency was wholly inadequate to meet the exigencies of the war. The Government has for many years used gold and silver, and it is deeply to be regretted that it is obliged to depart from this desirable standard. But we are left no option. The supply of the precious metals is inadequate to our wants. If all the gold and silver in the country was placed at the control of the Government, it would be received and paid out twice in one year. It is, therefore, impossible for the Government to pay in coin. The business of the country and the business of the Government require some substitute for coin. We must therefore create a new or vastly enlarge the existing currency. We must therefore create a public debt, establish a currency, and impose new taxes. This necessity being admitted, the only question is how can these objects be accomplished with the least prejudice to the people, and the greatest convenience to the Government? *This is a grave question—the gravest which these times present. It is the question which lies at the foundation of all other questions; and on its solution depends success in every other enterprise.*”

He argued at great length that the legal tender clause was unconstitutional, and that it would not be just to the creditor class of the community. He moved to strike out this clause in the bill, and also the clause which compelled persons in the employ of the government to receive the notes for “ salaries, debts and demands *owing* by the United States,” so as to make them only “ receivable for all debts and demands *due* the United States.” He urged heavy taxation, and was generally favorable to the bill, if the amendments were made which he proposed, but could not vote for the bill with the legal tender clause retained. (Appendix to *Congressional Globe*, page 47-48.)  
Mr. PIKE, of Maine, spoke for one hour in favor of the bill.

“ He argued that the plan was expedient as well as Constitutional. Upon the clause in the bill providing that the notes shall be a legal tender there has been much discussion here and elsewhere. Its importance to the measure cannot be overestimated. *He regarded it as the life of the plan. Strike it out and we are but duplicating notes already at a discount.* It is really the specie clause, and no hard money man—and he claimed to be one—should vote for the issue of these notes without it. It is well known that Mr. Clay rested his support of the second bank upon the clause granting Congress “the power to make all laws which shall be necessary and proper for carrying into effect the powers,” expressly granted by the eighteenth section of the first article. The great patriot of the West, in time of profound peace, was disposed to consider the financial question of such magnitude as to plan a law calling into being a fiscal agent among those which were “necessary and proper.” With how much more force can we, situated as it were, among the dying agonies of the republic of our fathers, acting as many wise men believe, as the last Congress which, under the Constitution, shall represent the whole country, claim that all power which, under any circumstances, could be exercised by the Representatives of the people, should be used now.”

Mr. ALLEY, of Massachusetts, made a well-considered speech of one hour in favor of the bill.

“ The measure before the House received the approbation of his judgment. He could see clearly that under its provisions the rights of all will be protected, the prosperity of the whole people promoted, the credit of the Government revived and its power and dignity maintained. Beneficent as this measure is, as one of relief, nothing could induce him to give it his sanction but uncontrollable necessity. While he had always believed it to be the duty of Congress to regulate and control the currency by such legislation as would make it of uniform value throughout the country, he had never regarded it as politic or wise for the Government to make issues of paper at any time, except for temporary emergencies. Disguise it as you may, everybody knows that knows anything of the laws of trade, that to carry this people through this crisis, collect \$150,000,000 tax, maintain these vast expenditures, and conduct the legitimate and necessary business of the country, you must increase the volume of the currency to such an amount as to make it impossible, under the present banking system, to give it confidence upon the ground of its immediate convertibility into specie. The question then for Congress to decide, is whether the Government shall share with the banks—and keep them in check—this circulation, or purchase their irredeemable bills at ruinous rates. If you do not adopt this measure you will see the country flooded with irredeemable bank currency, a great deal of which will be found, as after the war of 1812, utterly worthless. At that time Government securities were exchanged at eighty cents on the dollar for worthless bank promises, not worth the paper upon which they were written.”

**Mr. Alley concluded his remarks as follows :**

“ Why, I ask, are government securities worth in the market to-day but ninety cents on the dollar in exchange for irredeemable bank paper ? Is it because they have confidence in bank paper, or because it will command specie ? Not at all ; but because the bank paper will liquidate the obligations of debtors. It is for you to determine whether government obligations shall be as good as irredeemable bank notes ; and whether you will allow these irredeemable issues to be preferred and take precedence of national currency issued by a Government that never repudiated a dollar of its indebtedness ; and a nation whose fabulous growth, immense interests and exhaustless resources, have excited the wonder and admiration of an astonished world. I confess that when I reflect upon our condition, and the misery and suffering which such a policy inflicts upon the business interests of the country, I can have no toleration for such suicidal action. Congress has the power to inaugurate to-day a system of financial policy, both for Government and people, which will establish our prosperity upon a firm foundation, and give strength and stability to all our institutions ; and I conjure you, by all the memories of the past and every hope in the future, not to disappoint in this moment of peril the just expectations of the American people.”

While Mr. Alley was making his speech, Mr. Spaulding received from Secretary Chase a private note, urging the importance of having the vote taken on the bill that day. It was known that Mr. Horton, a prominent member of the Committee of Ways and Means, desired to speak in opposition to the bill, and that several other members desired to express their views of the measure before the vote was taken.

The Treasury was nearly empty. Money, or other available means must be had right

off. The pressing demands made upon the Treasury could not be put off much longer without ruin to the credit of the Government. The Secretary had authority under the Loan Act, passed at the extra session in July, still remaining, to issue \$46,000,000 of Treasury notes bearing 3-65 per cent. interest, or, at his option, to issue 7-30 notes ; but was unable to put out either class of this paper without a discount. The 7-30 notes could not be paid out from the Treasury except at a discount of two per cent., and he could not pay out the 3-65 notes at all, because they would not pass as currency, except at a still greater discount—the rate of interest was so low that they were not desirable as an investment, and not being a legal tender they could not be made available at par as a currency.

The following is a copy of the note received from Secretary Chase at this time :

“ Such men as Nathaniel Thayer, of Boston ; Alexander Duncan, of Duncan, Sherman & Co.; Shepard Knapp and John D. Wolf, and numerous able and leading financial men, have told me within two days that you were perfectly right, and they are deeply anxious that the legal tender clause should stand in the bill. They say the country is lost without it.”

TREASURY DEPARTMENT, February 5, 1862.

MY DEAR SIR—I make the above extract from a letter received from the Collector of New York this morning. It is very important the bill should go through to-day, and through the Senate this week. The public exigencies do not admit of delay.

Yours truly,  
S. P. CHASE.

HON. E. G. SPAULDING.

After receiving this note from the Secretary, Mr. Spaulding thought it desirable that a time should be fixed for closing the debate on the bill. He thought it desirable that Mr. Horton and Mr. Stevens, members of the Committee of Ways and Means, should speak, and such others as were prepared, and that the vote should be taken the next day.

The following proceedings took place in the house.

MR. WRIGHT obtained the floor.

MR. SPAULDING—“ I move that the Committee rise with a view of closing this debate.”

Mr. CAMPBELL—“ I hope this motion will be agreed to, and that this bill will be pressed to a vote to-day.”

MR. SPAULDING—“ I desire to say, in connection with this motion, that I have within the last two or three hours received a note from the Secretary of the Treasury informing me that it is absolutely necessary that we should press this measure to a vote without further delay. Therefore I move that the Committee rise, with a view of closing debate.”

MR. HORTON—“ I wish to say that the Committee of Ways and Means do not make this motion, and I hope it will be voted down.” (“Good !” “Good !”)

The CHAIRMAN—“ The Chair would state that this question is not debatable.”

Mr. ENGLISH—“ I move to lay the motion upon the table.”

THE CHAIRMAN—" That motion is not in order in committee."

The question being upon the motion that the Committee rise.

MR. ROSCOE CONKLING demanded tellers.

Tellers were ordered, and Messrs. Blair, of Missouri, and Thomas, of Massachusetts, were appointed.

The Committee divided, and the tellers reported—yeas, 52 ; nays, 62.

So the motion was not agreed to.

MR. SPAULDING—" With the permission of the gentleman from Pennsylvania, I wish to make one word of explanation in reference to the motion I made. The object of the motion was simply that we should limit this debate, with a view that we might take a vote upon the bill to-morrow, say at one o'clock. I expected to go immediately back into committee to allow the gentleman from Pennsylvania to make his speech, and then to allow Mr. Morton to speak, and then Mr. Stevens to close the debate. After that the vote would be taken."

MR. THOMAS, of Massachusetts—" Then you arrange the manner in which speeches shall be made on this floor."

MR. LOVEJOY—" I would like to know whether the gentleman from New York has any right to farm out the floor ?"

MR. SPAULDING—" I make this explanation with a view to show the House that I have no disposition to cut off any member of the Committee or to force a vote unduly. The motion was made under the necessity which, the Secretary of the Treasury assures us, exists for passing this bill. I did not make it with a view to cut off those who are entitled to speak, by courtesy or otherwise. I think this explanation will satisfy the House that there was no effort upon my part to force a vote improperly. I did not expect to have a vote until to-morrow at one or two o'clock. After the debate is closed, we proceed to voting upon amendments which are pending, and which may be offered, and then five-minute speeches will be in order, as upon other bills. Those speeches can be continued until amendments are exhausted."

MR. WRIGHT, of Pennsylvania, spoke for half an hour in opposition to the legal tender clause of the bill.

" He was willing to do almost anything that he considered constitutional to aid in putting down the rebellion, but he did not feel justified in going so far as to vote any such measure as the legal tender bill. He concurred in the views of Mr. Pendleton that it was unconstitutional, that nothing but gold and silver could be made a legal tender in payment of debts. The people have means enough in their possession, and he was willing to go for taxation to the uttermost limit, but the time had not yet arrived when we should resort to such an extreme measure as to make these notes a legal tender." \* \* \* \* \*

MR. MORTON, of Ohio, a prominent member of the Committee of Ways and Means, made a lengthy speech in opposition to the legal tender clause in the bill.

“ He thought we were taking a dangerous departure from the financial system of the country. If this bill passes, as he hoped it would not, this will be a point from which we shall date a new financial system for the United States. “Old things will have been done away ; all things will have become new.” He thought the Loan bill and the Tax bill should have been passed through this House side by side. The Committee of Ways and Means were convinced of the importance of this, and were desirous that it should be done. (Mr. Morton was one of the sub-committee on the Tax bill.) It is from no neglect of the Committee of Ways and Means, or of the sub-committee which has had the preparation of the Tax bill in charge, that the Tax bill and Loan bill have not been brought forward side by side. The sub-committee on the Tax bill have worked night and day ; and although they do not get much credit for being industrious, still substantial progress had been made.

There were two measures before the House, and he proposed to discuss them. One was the proposition of the gentleman from New York (Mr. Spaulding) and the other that of the gentleman from Vermont (Mr. Morrill). He insisted that the three-sixty-five hundredths per cent. notes, proposed in Mr. Morrill’s plan, possessed “all the characteristics for circulation which the Treasury notes of Mr. Spaulding’s bill will have (save the legal tender clause), and have the important advantage of earning interest, and being fundable in a more desirable stock for the holder, because bearing a higher rate of interest, and more advantageous to the Government, because having only half the time to run, the Government can redeem them at an earlier day.” The Committee of Ways and Means are equally divided in regard to the two bills. He was for the substitute of Mr. Morrill, and decidedly opposed to the legal tender scheme. He thought we had not yet reached the point when the Government, exercising its high prerogatives, as Mr. Spaulding called them, can take for its use the property of the citizen without pay. Necessity for this measure has been asserted, but not proved. The Secretary of the Treasury thinks it is necessary, but he thought he was mistaken.”

**Mr. Horton argued at great length against the injustice and inexpediency of making the notes a legal tender, and concluded as follows :**

“Mr. Chairman—I thank the Committee for listening to me so long. You know that I am unaccustomed to speaking in the House, and my remarks of course have been very desultory. But I wish to impress upon the Committee that these opinions of mine are not merely opinions superinduced by a hopeful temperament. I have, according to the best of my knowledge, examined this whole question in all its bearings, and I am willing to take the responsibility of voting against this legal tender clause of the bill for the reasons that I have given, and for divers and sundry reasons which I have not given. I ask the Committee to pause before they take a step which, once taken, will be irrevocable. When you have once broken a pitcher it never becomes whole again ; and this fair fabric of our untarnished faith and unbounded wealth and credit ought not to be destroyed, simply because our leaders—men that we have faith in—have become alarmed, and have told us that there is a necessity for it. When there is danger, Mr. Chairman, then is the time to be cool and look about you, and to see that you take no false step. Now is that time, and if you take this step, it is a step downwards, and you will find that to regain the high eminence from which we shall have descended is a labor very difficult to accomplish.”

**MR. KELLOGG, of Illinois, obtained the floor.**

MR. SPAULDING—" I ask the gentleman to give way to me for a few moments, and then I will move that the Committee rise,"

MR. KELLOGG, of Illinois—" I yield for that purpose."

MR. SPAULDING—"I wish to make one statement in reference to the condition of the Treasury, which I presume all will be anxious to know before we adjourn. The Secretary of the Treasury has yet unexpended of the loan of last July \$46,000,000. He has a right to issue this sum in three and sixty-five hundredths per cent. notes, or in seven and three-tenths per cent notes ; but he is unable to put out either of these classes of paper without a discount. He cannot pay out the seven and three-tenths per cent. notes without a discount of two per cent., and he cannot pay out the three and sixty-five one hundredths per cent notes because they will not be taken as currency. *This bill of Mr. Morrill proposes simply to repeat the authority to issue the same kind of notes, which cannot be issued advantageously by the Secretary of the Treasury at this time.* I move that the Committee do now rise."

The motion was agreed to. \* \* \* \* \*

MR. SPAULDING—" I move that all debate on House bill No. 240 be closed in one hour after its consideration shall have been resumed in the Committee of the Whole on the state of the Union."

MR. THOMAS, of Massachusetts—" I suggest to the gentleman to modify his motion, so as to make it read two hours."

MR. SPAULDING—" The exigencies of the country are such that I cannot consent to do so unless the House so order it."

MR. VALLANDIGHAM—" I move to amend the motion by striking out 'one hour' and inserting 'two hours.' "

The amendment was adopted, and the motion as amended was agreed to.

## **PASSAGE OF THE BILL IN THE HOUSE.**

Thursday, February 6, 1862, was an exciting and important day in the House. The final vote on the legal tender note bill was to be taken, and in anticipation of the vote there was a very full house. In pursuance of the order passed last night, general debate was to be closed in two hours after the bill should be taken up in Committee of the Whole. The House on meeting and disposing of a little preliminary business, immediately resolved itself into Committee of the Whole, and resumed the consideration of the bill. The Chairman announced that general debate on the bill would close at ten minutes past two o'clock P.M. While debate was continued, Mr. Frank and Mr. Colfax, who were friendly to the bill, passed around the House with a list, making a canvass of how the different members would vote on the legal tender clause. Upon footing up the list,

it was ascertained that there was a large majority in favor of making the notes a legal tender.

MR. KELLOGG, of Illinois, being entitled to the floor, spoke for over half an hour in favor of the bill, not as a *peace* measure, but as a *war measure*. He said :

“ I intend to detain the Committee but a little while. I should not have sought the floor for the purpose of offering any remarks, but for the consideration that, in my judgment, this bill was being considered and discussed as it might with propriety have been discussed and *considered in time of peace*, and when there was no pressing necessity for the action of Congress in placing the Government in possession of all the means and powers that can be safely gathered and exercised under the Constitution. If this question came up in ordinary times, *I am frank to confess, that I might, perhaps, have had some doubt of its constitutionality sufficient to induce me to oppose it. I mean by that only to say that in time of peace, when the integrity of the Government is not threatened, I would be more careful and cautious ; and if I doubted the constitutionality of the measure I would not vote for it. But, sir, in this our extremity, while we are struggling to perpetuate our Government, I am willing to go to the very verge of the Constitution.* I will go as far as I feel that the Constitution will permit me, to gather up the power and means to carry on the Government to that great consummation which the fathers contemplated when they established it. But while I might have some doubt in time of peace, when the monetary affairs of the country might safely be left to work out their own level and settlement, of the policy of this measure, I have none now. What may be policy in the one case may be vastly different in, the other.

I treat this, Mr. Chairman, *as emphatically and clearly a war measure*. It may appear strange that a money bill should be considered a war measure, and yet it is ; for *it is necessary* in order to raise means to carry on the Government in a war direction—a direction in which all our measures are or should be tending. Sir, we should not disguise the fact of our complications. We should not deceive ourselves. The worst deception that men ever practice is that practiced on themselves. We should not allow ourselves to be deluded, now that we have a mighty rebellion—nay, revolution—before us, and that the Powers of the Old World, who have looked with a jealous eye on the mighty progress of the Western Continent, are seeking occasion to cripple our onward and upward career. Talk not of their sympathy for us. Our Government antagonizes theirs. The principles are different. We must gird up our loins ; we must take all the power we have ; we must throw every energy, all the means of our Government, in the direction of the war power, for the purpose of self-preservation and perpetuation.

Mr. Chairman, we must look this matter in the face, not only of this continent, but in the face of surrounding nations. We must come to the conclusion that although the world shall rise against us, this Republic must and shall be preserved. All the energy of the country, all the blood and treasure of the country, if need be, must be summoned in from every part of the land to accomplish that object. Sir, we must give to this Government arms of iron and muscles of steel. We must think as with fire and strike as with spears. It is necessary, sir, it must be ; and if we now meet this emergency as true men should meet it, we shall succeed. *The money of the country must come to its aid, the powers of the Government must come to the aid of the Administration, as well as the strong hands and warm hearts of our people.*

Mr. Chairman, I am pained when I sit in my place in the House and hear members *talk*

*about the sacredness of capital ; that the interests of money must not be touched. Yes, sir, they will vote six hundred thousand of the flower of the American youth for the Army, to be sacrificed, without a blush ; but the great interests of capital, of currency, must not be touched. We have summoned the youth ; they have come. I would summon the capital ; and if it does not come voluntarily, before this Republic shall go down, or one star be lost, I would take every cent from the treasury of the States, from the treasury of capitalists, from the treasury of individuals, and press it into the use of the Government. What is capital worth without a Government ? Gentlemen must understand me, when I indulge in this strain and speak in this strain and speak of this talk and quibble about capital, that I do not charge it upon the real capitalists of the country, for they do not hold back. The true capitalists of the country are patriotic ; they have furnished their means liberally ; but there is a class of huckstering capitalists, there is a class of bankers proper, there is a class of brokers, who would make merchandise of the hopes and fears of the Republic. \* \* \* \* \**

It is said there is no power to make these notes a legal tender, and that that is not a legitimate way of expressing their value. If gentlemen are sure upon that subject, they would do well to run back a little further and ascertain whether there is any power under the Constitution vested in Congress to issue the notes at all. And I confess the argument of the gentleman from Ohio (Mr. Pendleton) ran back legitimately to that proposition. At least it carried my mind back to that proposition so fairly and certainly, that if I found no power to issue these notes, I would have voted against this bill. To that my mind has turned with every argument that has been made. I may have been obtuse, but I confess that I have come to the conclusion that we have the constitutional power to issue these notes ; and having that constitutional power we have, as an *incident to that* power, the power also to make them of value by making them a legal tender. The gentleman has voted more than once for the issue of Treasury notes to pay debts owing by the Government, which were payable in coin. If we have power to issue Treasury notes, we have the power to fix the value of the issue. It is an incident to the power of issuance. Let them be issued as money, to take the place of money. Let there be no deception ; let the creditors of the Government know whether we are to palm off a spurious depreciated currency under the guise of money. If we have the right to issue it, and impress with the denomination of five dollars, why not stamp upon its face that it is five dollars everywhere ? ”

**MR. THOMAS, of Massachusetts, made a speech against the legal tender clause in the bill.**

“ He regarded this clause as unconstitutional, unjust, and inexpedient. The question had never been settled by judicial authority, but the weight of reasoning by Webster, Madison, and others, was strongly against the validity of this clause in the bill. He argued that nothing but coined money could be made a legal tender in payments of debts ; that a matured debt could not be paid by another *promise*. He regarded this clause in the bill in the nature of a forced loan, in itself a confession of weakness. The friends of this feature of the bill admit the reluctance with which they assent to it. The only ground of defence is its necessity, that no alternative is left to us. He deeply respected their motives, but could not himself see the necessity.”

## MR. EDWARDS, of New Hampshire, made a speech in favor of the bill.

“ We find ourselves confronted by an exhausted Treasury, and without the means of meeting its existing, or its constantly accruing liabilities. The amount of floating liability now due is \$100,000,000. The figures presented in the opening speech of this debate are immense—almost appalling. Funded and floating it is now \$400,000,000 ; on the first of July next it will be \$650,000,000, and if the war continues \$1,200,000,000 in one year from that time. He was in favor of taxation to pay ordinary expenses and interest, and ultimately a sinking fund, but he was in favor of the issue of Treasury notes for the purpose of meeting immediate expenditures, and all parties seemed to concede that Treasury notes in some form must be issued. The bill reported by the Committee of Ways and Means and the substitute offered by Mr. Morrill, may be regarded as the only propositions now before the House. It is understood that the other propositions will be withdrawn, and that the dissenters from the bill will concentrate on this substitute. They agree in the main features of the plan, and differ only in details. He thought the notes proposed by Mr. Morrill’s Plan would not pass current, among the people or the banks, but would necessarily depreciate. The army and navy might be compelled to receive them at par, because the Government had nothing else to give them, but they could not afterwards pass them without a large discount, which would be unjust to the men fighting our battles. He thought that would be a lack of faith of the most flagrant description—more objectionable by far than the legal tender clause. He also objected to the high rates of interest proposed for the bonds to be issued in funding the notes.

The substitute provides for a *depreciated currency and a high rate of interest*. He thought the currency proposed by the substitute would demoralize the country as much, or more, than the legal tender notes, and would not possess as many advantages to the Government.

The legal tender notes would give *instant means* to the Treasury, so much needed at this time, without looking to intermediate negotiation to furnish them. The original bill was the one in all material respects to be preferred to the substitute, one of which it is distinctly understood will be adopted.”

## MR. RIDDLE, of Ohio, made a speech against the propriety and expediency of issuing the legal tender notes.

“ He doubted the constitutionality of the measure. He thought there was no real money, except the metals coined in pursuance of law and a fixed standard. Can money be made of paper ? Clearly not, by calling it money or by stamping it as money by the Government. It would not stand the commercial test. Paper has no appreciable intrinsic value, and its exchangeable value is of the lowest possible grade. The only high degree of value it can ever attain is that which may be imparted to it by that which is written or printed upon it. It is apparent that the whole quantity of the circulating medium must be materially increased, for obviously that which was only equal to the demands of commerce and the ordinary wants of the Government, is wholly inadequate now to the same demands and the extraordinary wants of the Government. He was opposed to the legal tender clause, and would vote to strike it out ; if that fails, I will choose between the bill and its defeat.” (He voted for the bill on its final passage.)

## MR. BLAKE, of Ohio, spoke in favor of the bill.

“ At no time in the history of our country was the peril to our free institutions greater than now. The bill is brought forward as a war measure, to meet the pressing demands now on the Treasury. He argued that it was constitutional to issue Treasury notes and make them a legal tender. He insisted that it was a necessary and proper means of carrying into effect the war powers—to raise and support armies and to provide and maintain a navy. We are now in the midst of a great National exigency, and one, too, that we must provide for ; and one that in the application of the means there must of necessity be great latitude of discretion, and denied that legal tender paper money was prohibited.” (He read from the debates on the formation of the Constitution, Vol. 5, page 435.)

MR. MASON—“He was unwilling *to tie the hands of the Legislature*. He observed that the late war could not have been carried on had such a prohibition existed.”

MR. BUTLER—“That paper was a legal tender in no country in Europe.”

MR MASON—“Was still averse to tying the hands of the Legislature altogether. If there was no example in Europe, as just remarked, it might be observed, on the other side, that there was none in which the Government was restrained on this head.”

MR. BLAKE continued his argument, insisting “that the Convention which framed the Constitution did not attempt any prohibition, but left it to Congress to make Treasury notes a legal tender whenever the exigency should arise to make it necessary. It was denied in express terms to the *States*, and permitted in implied terms to Congress. It being constitutional, is it necessary to make Treasury notes a legal tender ? By these notes we are enabled to pay our soldiers, and it is the only means we have to pay them. Does not every gentleman know that if these notes were paid to our soldiers without making them a legal tender, *they will immediately be sold at a loss to the soldiers of from four to twenty per cent. ? This is not conjecture : this very thing was done here only last month ; soldiers were shaved by the money-shavers of this District from four to twenty per cent. on the demand Treasury notes they had received from the Government. We are not legislating for the money-shavers, who oppose this bill, but for the people, the soldiers, and laboring classes.*”

## MR. CAMPBELL, of Pennsylvania, spoke in favor of the bill.

“ He said, it is proper that each member of this House should, however briefly, express his views on the pending bill—one of the most, if not the most, important bills of this season. To support our armies in the field and navies on the seas is a plain, patriotic and necessary duty ; to do this with prudence, economy and foresight, is the highest evidence of statesmanship. That we have vast National resources, all admit ; that the public debt has for its security the whole property of the nation, is equally plain. The powers of the Government are ample—they extend to life and property. He would fall short of his duty in this tremendous issue, in which free government is on its final trial, who would not, if necessary, *vote the last man and the last dollar to defend and perpetuate the priceless inheritance of our fathers.*

I humbly conceive my duty to be a plain one. The path I have marked out for myself I will follow, let it lead where it may. Whatever measure is now or hereafter may become *necessary* to adopt in order to maintain the Union and perpetuate free Government, that will I support. Speak not to me of “objections” and “scruples” and “dangers,” of

“Constitutional objections” and “conservative influences.” Sophistry is ever plausible, and opposition to a just and necessary measure generally wears the mask of a “Constitutional objection.” The highest duty of every member is to maintain the Union—to sustain the Constitution against this causeless and wicked rebellion ; and in doing this, let us bear in mind that the Constitution was made for the people—to secure to them and their posterity the blessings of free government. Therefore, with me the primary inquiry is, is this measure necessary to suppress the rebellion ? If it is, here am I ready to sustain it. It will be found the Constitution gives ample power to sustain this view.

The bill now before the Committee is necessary to sustain the credit of the country, and to carry on the war. It is with reluctance that I have come to this conclusion. I do not like the necessity which exists for the legal tender clause ; still less do I like to place the issues of the Government in the hands of the brokers and money-lenders of the country.

Depreciated now, let the legal tender clause fail, and mark the result to-morrow. The Treasury notes in fall from four per cent. to fifteen and twenty-five below par, and the Government will have to pay that percentage additional for every article they purchase. Your soldiers will be shaved that amount on *their blood-bought wages*, and the country, flooded with a vast amount of depreciated paper, will grow restless and discontented under so fatal a mistake. If we make the Government issues a legal tender, the demand for specie will be so limited that they will maintain their value.”

#### CLOSING THE DEBATE ON THE BILL.

By order of the House general debate was now closed. The standing rules of the House, however, provide that the member introducing the measure shall have the right, after general debate is closed, to speak one hour in reply to adverse speeches, in finally closing the debate. Mr. Spaulding, having introduced the bill, was entitled to the floor to close the debate. Mr. Stevens, who had not yet spoken, was desirous of expressing his views on the measure, and Mr. Spaulding was willing to give him most of the hour to which he was entitled, and intended to yield the floor to him for that purpose.

MR. SPAULDING, in closing, summed up, on his part, as follows :

“ I have listened with a great deal of attention to the arguments and propositions which have been submitted by the various gentlemen who have addressed the House, but I shall not now make the concluding speech. I shall leave it to the able Chairman of the Committee of Ways and Means to close the debate. If I may be indulged, however, for a few moments, I desire to say, summing up, first : that all agree that taxation, in various forms, must be imposed to the amount of at least \$150,000,000 on which to rest the credit of these notes and bonds, a sum sufficient to pay the ordinary expenses of Government on a peace footing, the interest on all the war debt, and a sinking fund to liquidate annually a portion of the principal. Second : we all agree that hereafter the war must be carried on principally upon the *credit* of the Government, and *that paper in the form of notes and bonds* must be issued to an equally *large amount, whichever plan is adopted*. After deducting the sum raised by internal revenue, by direct taxation, and duties on imports, *the amount of paper to be issued can only be limited by the actual expenses of the Government*. The respective plans of Messrs. Vallandigham, Conkling, and Morrill,

require the same amount of paper to be issued as the legal tender bill proposed by the Committee of Ways and Means, and supported by the Secretary of the Treasury. Third : the main difference between the several plans is, that the legal tender bill stamps demand notes as money, with the highest sanction of the Government to circulate as a National currency, the same as bank notes, in all the channels of trade and business among all the people of the United States ; whilst all the other plans proposed contemplate the issue of an *inferior* currency that will not, in my opinion, circulate as money either among the banks or the people, but will, on the contrary, be depreciated and sold at a large discount by all officers, soldiers, and others that are compelled to receive it from the Government in payment for services and supplies furnished. For myself, I prefer to issue the demand notes, based on adequate taxation, and with the *highest legal sanction* that can be given to them by the Government, placing the soldiers and capitalists all on the same footing in regard to these notes.”

Mr. SPAULDING then yielded the floor to Mr. Stevens.

Mr. LOVEJOY objected to the gentleman yielding the floor.

THE CHAIRMAN—“ If objection is made, the gentleman from Pennsylvania cannot occupy the floor. The gentleman from New York cannot yield the floor to him, except by unanimous consent.”

Mr. MORRILL—“ I trust no objection will be made ; only the same time will be consumed.”

Mr. LOVEJOY—“ Well, I will withdraw the objection.”

#### MR. STEVENS' ADDRESS.

“MR. CHAIRMAN—This bill is a measure of necessity, not of choice. No one would willingly issue paper currency not redeemable on demand, and make it a legal tender. It is never desirable to depart from the circulating medium which, by the common consent of civilized nations, forms the standard value. But it is not a fearful measure, and when rendered necessary by exigencies it ought to produce no alarm.

The late administration left us a debt of about \$100,000,000, and bequeathed to us also an expensive and formidable rebellion. This compelled Congress, at the extra session, to authorize a loan of \$250,000,000 ; \$100,000,000 of these were taken at 7 3-10 per cent., and \$50,000,000 six per cent. bonds at a discount of over \$5,000,000 ; \$50,000,000 were used in demand notes, payable in coin, leaving \$50,000,000 undisposed of. *Before the Banks had paid much of the last loan they broke down under it and suspended specie payment. They have continued to pay that loan, not in coin, but in demand notes of the Government ; that has kept them at par, but this last of the loan was paid yesterday, and on the same day the banks refused to receive them. They must now sink to a depreciated currency.* The remaining \$50,000,000 the Secretary of the Treasury has been unable to negotiate. A small portion of it, say \$10,000,000, has been issued at 7 3-10 per cent. in payment of debts.

He estimated the present floating debt at \$180,000,000 ; daily expenses, \$2,000,000 ; to carry us to next meeting of Congress, \$600,000,000 more. That if sufficient six per cent. bonds were forced on the market to pay our expenses up to December, or \$700,000,000, as the money should be wanted, he thought they would sell as low as sixty per cent., as in the last English war ; and even then it would be impossible to find payment in coin. A

large part of it must be accepted in depreciated notes of suspended banks, for no one expects the resumption of specie payments until the close of the war.

Without the legal tender clause the notes could not be kept at par. Brokers, bankers, and others would depreciate them. The National Bank scheme recommended by the Secretary might, in ordinary times, be very useful, but while the banks are under suspension it was not easy to see, how it would relieve the Government. They would have the circulation without interest, and at the same time would draw interest on the bonds, and afford no immediate relief. He thought the Government should have the benefit of the circulation of legal tender notes, and did not see how we could get along in any other way.

He argued in favor of the constitutionality of the legal tender clause, and that it was a necessary and proper measure at this time. In short, whenever any law is *necessary* and proper to carry into execution any delegated power, such law is valid. That necessity need not be absolute, inevitable, and overwhelming if it be useful, expedient, profitable, the necessity is within the constitutional meaning. Whether such necessity exists is solely for the decision of Congress. Their judgment is absolute and conclusive. If Congress should decide this measure to be necessary to a granted power, no department of the Government can rejudge it. The Supreme Court might think the judgment of Congress erroneous, but they could not review it. Now, it is for Congress to determine whether this bill is necessary "to raise and support armies and navies, to borrow money, and provide for the general welfare." They are all granted powers. It is for those who think that it is not "necessary, useful and proper," to propose some better means, and vote against this ; if a majority think otherwise, its constitutionality is established.

If constitutional, is it expedient ? It is objected by the gentleman from Ohio, that the legal tender clause would depreciate the notes. All admit the necessity of the issue ; but some object to their being made money. It is not easy to perceive how notes issued without being made immediately payable in specie, can be made any worse by making them a legal tender. And yet that is the whole argument, so far as expediency is concerned. Other gentlemen argued that this would impair contracts, by making a debt payable in other money than that which existed at the time of the contract, and would so be unconstitutional. Where do gentlemen find any prohibition on Congress against passing laws impairing contracts ? There is none, though it would be unjust to do it. But this impairs no contract. *All contracts are made not only with a view to present laws, but subject to the future legislation of the country. We have more than once changed the value of coin.* Neither our gold nor our silver coin is as valuable as it was fifty years ago. Congress in 1853, I believe, regulated the weight and value of silver. They debased it over seven per cent., and made it a legal tender. Who ever pretended that that was unconstitutional ? The gentlemen from Vermont (Mr. Morrill), and Ohio (Mr. Pendleton); think it an *ex post facto* law. It is not wonderful that my distinguished colleague, not being a professional lawyer, should not be aware that the *ex post facto* laws prohibited by the Constitution refer only to crimes and misdemeanors, and not to civil contracts. The gentleman from Ohio no doubt knew, *but forgot it.* \* \* \* \* \*

Gentlemen are clamorous in favor of those who have debts due them, lest the debtor should the more easily pay his debt. I do not much sympathize with such importunate money-lenders. *But widows and orphans are interested and in tears, lest their estates should be badly invested. I pity no one who has his money invested in United States bonds, payable in gold in twenty years, with interest semi-annually.* But while these men have agonized bowels over the rich man's case, they have no pity for the poor widow, the suffering soldier, the wounded martyr to his country's good, who must receive these notes

without legal tender or nothing, and who must give half of it to the Shylocks to get the necessaries of life. Sir, I wish no injury to any, nor with our bill could any happen ; but if any must lose, let it not be the soldier, the mechanic, the laborer or the farmer.

Let me relate the various projects. *Ours proposes United States notes, secured at the end of twenty years to be paid in coin, and the interest raised by taxation semi-annually ; such notes to be money, and of uniform value through out the Union.* No better investment, in my judgment, can be had ; no better currency can be invented. The amendment of the gentleman from Ohio (Mr. Vallandigham) proposes the same issue of notes, but objects to a legal tender ; but does not provide for their redemption on demand in coin. He fears our notes would depreciate. Let him who is sharp enough to see it instruct me how notes that every man must take are worth less than the same notes that no man need take, and few would, being irredeemable on demand. But he doubts its constitutionality. *He who admits our power to emit bills of credit, nowhere expressly authorized by the Constitution, is a sharp and unreasonable doubter when he denies the power to make them a legal tender.*

The proposition from the gentleman from New York (Mr. Roscoe Conkling) authorizes the issuing of seven per cent. bonds, payable in thirty-one years, to be sold (\$250,000,000 of it) or exchanged for the currency of the banks of Boston, New York and Philadelphia.

Sir, this proposition seems to me to lack every element of wise legislation. Make a loan payable in irredeemable currency, and pay that in its depreciated condition to our contractors, soldiers and creditors generally ! The banks would issue unlimited amounts of what would become trash, and buy good hard-money bonds of the nation. Was there ever such a temptation to swindle ?

He further proposes to issue \$200,000,000 United States notes, redeemable in coin in one year. Does not the gentleman know that such notes must be dishonored, and the plighted faith of the Government broken ? No one believes that we could then pay them, and it would run down at once. If we are to use suspended notes to pay our expenses, why not use our own ? Are they not as safe as bank notes ? During the suspension, the Government would have the benefit of the whole circulation, without interest, until they were funded—that is, the interest of all we could keep out would accrue to the Government. If the \$150,000,000 were constantly afloat, it would be a loan to the Government, without interest, to that amount, \$9,000,000 a year. But if we used the suspended paper of the banks our bonds would bear interest from the instant we got their notes—a good thing for suspended banks. Besides, the Government would have the benefit of all the lost and destroyed notes—a considerable item.

Last comes the substitute of the minority of the Committee (introduced by Mr. Morrill). I look upon it as a curiosity. It proposes to issue United States notes, not a legal tender, bearing an interest of three and sixty-five hundredths per cent., and fundable into seven and three-tenths per cent. bonds, but not payable on demand, but at the pleasure of the United States. This gives one and three-tenths per cent. higher interest than our loan, and not being redeemable on demand, would share the fate of all non-specie-paying notes not a legal tender. But the ingenious minority have invented a kind of currency never before known—a *circulation bearing interest*. Bonds or notes intended for investments bear interest, but no one expects they will be used as currency ; whether in the shape of bonds or notes, they will be used only as investments, or as pledges on which to procure loans. Suppose a tailor, shoemaker, or other mechanic, or laborer, were to take one of these bills, and in a week he should wish to use it in market or store, or elsewhere, he must sit down and calculate the interest on the days he has had it to find its value. This would be rather

inconvenient on a frosty day. This currency would make it necessary for every man to carry an arithmetic or interest table with which to gauge the value of the circulating medium. Gentlemen must see how ridiculous, if not impracticable, this scheme is. Here, then, in a few words, lies your choice. Throw bonds at six or seven per cent. on the market between this and December, enough to raise at least \$600,000,000—about this sum is already appropriated, \$557,000,000—or issue United States notes, not redeemable in coin, *but fundable in specie paying bonds at twenty years*; such notes either to be made a legal tender, or to take their chance of circulation by the voluntary act of the people. I maintain that the highest sum you could sell your bonds at would be seventy-five per cent., payable in currency itself at a discount. That would produce a loss which no nation or individual doing a large business could stand a year.

I contend that I have shown that such issue, without being made money, must immediately depreciate, and would go on from bad to worse. I flatter myself that I have demonstrated, both from reason and undoubted authority, that such notes, made a legal tender and not issued in excess of the demand, will remain at par and pass in all transactions, great and small, at the full value of their face; that we shall have one currency for all sections of the country and for every class of people, the poor as well as the rich.

Some gentlemen are as much frightened as if this were an unwonted apparition, for the first time prowling forth to swallow the rich creditor and smouse the poor debtor. No nation, it is said, has ever tried anything like it.

Let us look at the greatest and wisest commercial nation in the world. In 1797 England was struggling for existence against armed Europe. She needed money, as we do now. She found it impossible to borrow. Gold was likely to leave the country. She passed a law prohibiting the Bank of England from paying coin for her notes until six months after the final ratification of peace. That law remained in force till 1823. It is said she did not make those notes a legal tender. She provided that whoever refused to take them for a debt should have no remedy for its collection; and that a plea of such tender should be a bar to the action. This, I think, is the most stringent legal tender; yet those notes never depreciated to any great extent.”

Mr. VALLANDIGHAM—“ Did they not depreciate twenty per cent. ?”

Mr. STEVENS—“ No, sir; at no time after they were made a legal tender did they depreciate twenty per cent.”

Mr. VALLANDIGHAM—“ I have the authority of Mr. Canning, which I think is quite as good as that of Mr. McCulloch. They were receivable all the time for Government dues.”

Mr. STEVENS—“ Yes, sir; but they still run down until they were made a legal tender, and after that they never depreciated a single dollar. Had they been made an absolute tender, they would not have depreciated a farthing. But now, in times of peace, *the notes of the Bank of England are a legal tender in all the vast business of that nation, and in every place, except at the counter of the bank.* What else are Bank of England notes than bills of credit of the Government? Her whole capital consists of Government securities, and her issues are based on that alone. Prussia holds the currency in paper issueable by Government alone, and is always at par. What becomes of the fine-spun theories of the opponents of this bill? I think they have distressed themselves very unnecessarily; and yet, gentlemen have shown all the contortions, if not the inspirations, of the Sibyl, lest Government should make these notes a uniform currency, rather than leave them to be regulated by sharks and brokers. *I look upon the immediate passage of the bill as essential to the very existence of the Government.* Reject it, and the financial credit, not

only of the Government, but of all the great interests of the country, will be prostrated.”

MR. CHAIRMAN—“ Let me say in conclusion, that unless this bill is to pass with the legal tender clause in it, it is not desirable to its friends, or to the Administration, that it should pass at all, and those who think as I do will have to vote against it, if it should be thus mutilated and emasculated. If it is to be defeated, I should be glad if we had the power which they have in the British Parliament—to resign our places on the Committee of Ways and Means, and leave it to those who oppose this bill to mature some other measure. So far as I am concerned, I shall be modest enough not to attempt any other scheme. The Committee of Ways and Means have labored in the preparation of this measure anxiously, and to the best of their poor abilities. We are not infallible. We do not come near it. I am but poorly qualified for anything of this kind. But we have given it our most anxious consideration, and have consulted those whom we believed to be the best qualified to advise us. We have sought to harmonize conflicting views in the substitute which the majority of the Committee have prepared, and we hope it will pass. We believe that the credit of the country will be sustained by it, that under it all classes will be paid in money which all classes can use, and that it will confer no advantage on the capitalist over the poor laboring man. If this bill shall pass, I shall hail it as the most auspicious measure of this Congress ; if it should fail, the result will be more deplorable than any disaster which could befall us.”

At the conclusion of Mr. Stevens’ speech the Chair announced that general debate was closed. Amendments were now in order, and under the rules of the House, five-minute speeches could be made in favor of, or in opposition to, each amendment proposed. Under this rule, several short speeches were made by members who had not an opportunity to speak during the general debate.

Mr. F.A. CONKLING, who opposed the legal tender clause in the bill, read an extract from an eminent citizen of New York, as follows :

“ The advocates of a paper substitute may find an argument in the necessities of the crisis, but are certainly not guided by the light of experience, if they recur to the fact that in 1814 *a Boston bank note was capable of buying twice its nominal value in Treasury notes* (not a legal tender).

I had some little experience of the working of ‘paper vs. gold,’ in Denmark, in 1813, when their currency, which was printed on *blue* paper, depreciated to such an extent that the King, to remedy the evil, issued a new currency, printed on *white* paper, accompanied by an edict that one rix dollar of the new emission should be regarded in all transactions as worth six of the old, and taken as a legal tender, which required an amount of faith equal to that which was exacted by Lord Peter of Martin and Jack : that they should believe ‘ a loaf of brown bread to be a shoulder of mutton,’ or suffer for their incredulity.

This arbitrary edict led to the ruin of many creditors, especially mortgagees, who were thus compelled to receive ‘rags and lampblack’ in satisfaction of debts contracted in gold and silver.

At that time I had bargained with the King’s painter, in Copenhagen, to take my portrait (a half length, still in my possession), for *three hundred and six dollars*, the frame included. Such was the rapid decline in the paper currency of the Government, that when it was completed I purchased with *nine* Spanish milled dollars the three hundred and six dollars

to pay for the portrait and frame ; and such was the faith and loyalty of the painter, that he believed, or was bound by law to believe, that the one currency was just as good as the other ! Being in London during the same year, I was guilty of the felonious act of selling my gold guineas for twenty-seven shillings in paper, while honest, patriotic and credulous John Bull insisted that in theory their value was the same ; and Right Honorable the Chancellor of the Exchequer could cause the transportation to Botany Bay of any man who *practically* proved the contrary.”

Mr. HUTCHINGS—“ I would like to inquire as to the *occupation of the gentleman who wrote that letter ?*”

[Here the hammer fell.]

Mr. CRISFIELD—“In order to accommodate what seems to be the wish of the Committee, or some members of it, I propose to modify my amendment by confining the motion to strike out to the words, ‘and shall also be lawful money and a legal tender in payment of all debts, public and private, within the United States.’ ”

Mr. SHELLABARGER—“ Mr. Chairman, I rise to oppose the pending amendment. I did desire to submit to the Committee some views touching this measure when we were in general debate, but omitted to do so in deference to the more matured views which other members of the Committee desired to submit. I propose to occupy the few minutes I have, in making some statements in relation to the charges of bad faith and injustice which have been so persistently, earnestly, and, doubtlessly, sincerely made by the opponents of the bill.

Now, sir, I think it must be plain, beyond all cavil, that if these notes, proposed to be issued under this bill, are made of the value imposed upon them by law, so that they will be to the citizen the true and real representatives of that amount of *the intrinsic wealth of the country, which is stamped by law upon them as their nominal value, then there can be no practical injury, injustice, or bad faith in the law which makes them pay a debt precisely equal to that real value or wealth of the country, which that note, so made a tender, represents.* It is, of course, not my purpose now either to discuss or state those views by which others see in this measure—as distinguished from those they advocate—only disaster, in the shape of ‘destruction of all standards of value;’ in the ‘inflation of the business and the prices of the country;’ in disordering the ‘operations of trade and commerce;’ and in the ultimate ‘bankruptcy’ of the Government and of the people. I have no doubt this cry is made sincerely by many, and perhaps it is believed by all who make it. I do not discuss the sources and reasonableness of this cry of alarm, but only wish to present a parallel to it, and say that this cry is, to my mind, as unreasonable as that other to which I allude. I find that parallel in the history of the growth of the debt of England ; and in the light of that history, I declare that this cry of ‘bankruptcy’ and national disaster and ruin is utterly unreasonable, and just now most pernicious.

Sir, the history of the growth of that debt, which one of the great Commoners of England calls ‘the greatest prodigy that ever perplexed the sagacity and confounded the pride of statesmen and philosophers,’ furnishes as conclusive refutations of the theories and predictions of our alarmists of this House, as it did in the past of other Parliaments.

Sir, at the end of the war of England with Louis XIV, in 1713, the debt of England was, in round numbers, \$250,000,000. But, sir, at that period, not pot-house politicians merely,

but profound thinkers, declared the Government permanently crippled. But while these were engaged in proving the nation ruined, the nation was growing richer and richer. Soon came that war which was ended by the peace of Aix la Chapelle ; and the national debt had come to be \$400,000,000 in 1748. Now, again, historians, statesmen and economists concurred in declaring that the case of England was certainly now desperate ; but now again the nation persisted, although demonstrated by the books to be a bankrupt, in becoming far richer than in any period of her history. Soon the nation became again involved in the continental wars of the reign of George II, and at the end of Chatham's administration, at the period of 1760, the national debt came to be \$700,000,000. Then, again, it is declared that both men of theory and of business united in declaring that now, at all events, the fatal day had certainly arrived. Adam Smith, the father of politico-economical science, thought the limit had been reached, and an increase of the debt would be fatal. David Hume, the profoundest man of his age, declared it would have been better that England had been conquered and crushed by Prussia and Austria, than by debts for which all the revenues of the Kingdom north of Trent and west of Reading were mortgaged. He said the madness of England exceeded that of the crusaders. Richard Cœur de Lion and St. Louis had not gone in the face of arithmetic, England had. You could not prove that the road to Paradise was not through the Holy Land ; but you could prove that the road to national ruin was through a national debt. But still, in defiance of Hume and Smith, and even Burke, the nation would live and grow richer, and pay the interest on its public debt.

Then came George Grenville's policy to tax the colonies of America to help pay the interest on this debt, and brought on our war of the Revolution. In that England lost the colonies, and found an addition to her public debt of \$500,000,000—making the aggregate, at the time of the treaty of peace, \$1,200,000,000. Again England was pronounced hopeless ; but again she continued to be more prosperous than ever before.

Then came the wars growing out of the French Revolution ; and the debt of England ran up to \$4,000,000,000. Again the cry of despair and of bankruptcy was louder than ever ; but also again the cry was false as ever ; and the interest on the debt of England not only continued to be paid to the day at the bank, but such was her prosperity that at the close of these French wars, her people expended for railroads in the island, in a few years, more than \$1,200,000,000 !

Such is a sketch of the history of the debt of England, and such the refutation furnished by the logic of history to the logic of abstract reasoning, however profound.

A great historian and a great commoner of England declares that all these cries of bankruptcy and ruin were based on a double fallacy. *They who raised these cries imagined that there was an exact analogy between the case of an individual who is in debt to another, and the case of a society which is in debt to itself ; and they also forget that other things grew as well as the debt.*

Sir, I do not make this allusion to the debt of England to show that 'a national debt is a national blessing,' nor to indicate that this nation ought permanently to depart from its old and traditional policies of avoiding public debt and direct taxation. I do not think we either ought to or will. But, sir, this parallel between the alarms of this day and this country, and those of the past in another country, is only introduced to indicate the strange infirmities of vision in all these prophets of evil, and to indicate how unjust and cruel it is to weaken, by these refuted cries of ruin and bankruptcy, the faith of the people in the Government, which now, in its day of peril, so preeminently rests upon the faith of her children.

Sir, all these obligations of this Government go out to the people borne up by all the faith and all the property of the people; and they have all the value which that faith untarnished, and that property unestimable, can give them. It is not because they lack intrinsic value that they need the quality of 'lawful tender,' but it is to secure to the Government in their issue their true value, and to retain for them that true value as you, pass them—as all agree you must—to your noble soldiery in the field, and to all classes of the people not engaged, *as the most persistent outside opposition to this bill is, in endeavoring to destroy the value of these, so that out of the blood of their sinking country they may be enabled to coin the gains of their infamy.*"

MR. HICKMAN'S SPEECH.

Mr. HICKMAN, of Pennsylvania, spoke in favor of the bill :

" The only question, Mr. Chairman, which I have ever had with reference to this bill, has not been a question as to the powers of Congress, but as to the policy of the enactment. I would, myself, have preferred that this bill had followed the tax bill. I would have preferred that, before the credit of the Government had been tried to that extent, the basis of that credit should have been exhibited to the country. Before I take my neighbor's note, I should require him to show me on what his credit rests ; of what his capital consists. I have, therefore, had great doubt as to the propriety of voting for this bill as it stands at this time. But being assured by the Chairman of the Committee of Ways and Means that the Treasury, and, perhaps, the Administration, regard this as a governmental necessity, I am disposed to waive the question of propriety or expediency, and to vote for it as a necessity, having no doubt about the right. That clause of the Constitution which gives to the Government the right to coin money, and to regulate the value thereof, is, to my mind, conclusive of the great question that has been raised in this House, ' To coin money.' It does not indicate of what the material shall consist, which is to be regarded as money. It might be gold, or silver, or copper, or brass, or iron, at the pleasure of the Government. In other words, it is not demanded that the thing itself, which shall be coined as money, shall have any intrinsic value. The coining of money is merely impressing upon that which is designated to be the circulating medium the mark of the sovereign, indicating the will of the sovereign that it shall be received in the exigencies of trade and commerce at the stated value. And that mark of the sovereign, indicating the will of the sovereign, may just as well be impressed upon paper as upon gold or silver. Nothing else can be made out of the Constitution in this regard.

According to the arguments which have been addressed against this bill, the Constitution should have been made to read : ' Congress, or the Government, shall have power to coin gold and silver money according to their intrinsic value.' Why, Sir, the Government is not restricted as to the material out of which it may make money ; is not restricted as to the metal that shall be adopted as money ; it has perfect power to adopt iron as well as any other metallic basis ; and if any other metal, why not paper ? Why not impress upon paper the mark of the sovereign, indicating the will of the sovereign as to the value at which it shall be received, and make it a circulating medium, there being nothing in the Constitution to restrict us in this necessary exercise of sovereign power, without which no Government can carry on its operations ; without which no Government could exist ? I have no doubt, whatever, in regard to the right of Congress to pass this bill, and I am

therefore willing to vote for it upon the ground that it is a necessity at this time.”

MR. LOVEJOY'S SPEECH.

Mr. LOVEJOY, of Illinois, opposed the bill :

“MR. CHAIRMAN—I have endeavored for a day or two to obtain the floor, for the purpose of expressing my views a little more at length than I can in the five minutes to which I am now limited ; but, by an arrangement between the Chair and the Committee of Ways and Means, my purpose has been averted.

I will now simply say in regard to the question of constitutionality, that there has not been a respectable argument advanced in defense of the constitutionality of this bill ; and, inasmuch as great talent and eminent ability have been brought to bear upon it, I take it that no respectable argument can be made in vindication of the constitutionality of this bill. I would admit the plea of necessity, if I believed it ; and I think it is more manly to confess, as Jefferson did, than it is to attempt to torture the constitution into the support of a measure which everybody must see to be unconstitutional.

Now, Mr. Chairman, in regard to the general idea of the bill, it is a mere fallacy. The whole argument used in favor of the issue of these legal tender notes is based upon precisely the same foundation as the old theological dogma, *crede ut edes, et edes*—believe that you eat the real flesh of Christ in the *wafer*, and you do eat it. Believe that this piece of paper is a five dollar gold piece, and it is a five dollar gold piece ; believe it is worth five dollars, and it is worth five dollars.

Now, Sir, I am prepared to state that it is not in the power of this Congress, nor in the power of any legislative body, to accomplish an impossibility in making something out of nothing.

The piece of paper you stamp as five dollars is not five dollars, and it never will be unless it is convertible into a five dollar gold piece ; and to profess that it is, is simply a delusion and a fallacy. You may say even by legislative enactment that sixty or eighty or even ninety-nine cents are a hundred, but the rigid, inexorable digits will stand fixed and immovably by your legislative legerdemain.

Mr. Chairman, we are urged by the Chairman of the Committee of Ways and Means to pass this bill, because ruin is before the Government if we do not pass it. It reminds me very forcibly of Cowper's *Needless Alarm*, I cannot undertake to give it in rhyme, but I will give the substance of it. You will remember that, hearing the deep braying of the hounds, and the sound of the hunter's horn, the sheep coursed round and round the field, until the frightened flock came to the brink of a precipice, and to get away from the hounds and huntsman the *pater gregis* advised them thus :

“ I hold it, therefore, wisest and most fit  
That life to save, we leap into the pit.”

The matron of the flock, more discreet than the spouse, replies :

“ How ? leap into the pit our life to save?  
To save our life, leap all into the grave ? ”

Sir, there is no precipice, there is no chasm, there is no possible yawning, bottomless gulf before this nation so terrible, so appalling, so ruinous, as this same bill that is before us, and that it is proposed to pass under thy pressure of these influences brought to bear upon it.

You issue \$100,000,000 of those notes. The gentleman tells us they are already due. We have got to pay the paper out almost before we can make it. It has taken us six months to manufacture \$50,000,000, and we cannot manufacture it as fast as we shall spend it at that rate ; so that when we have issued \$100,000,000 we must issue another \$100,000,000, and then another \$100,000,000. And thus we plunge from lower depth to still lower, till we are buried in an ocean of inconvertible paper. At every step your paper will depreciate more and more, until the expenses of the war will swell to such an appalling sum that redemption will be impossible, and repudiation inevitable. *Facilis deocensus averni*, etc., which means it is easy to slide down hill, but very hard work to draw the sled back over smooth ice. But the question is pressed : what will you do ? What do you propose ? I propose this :

First—Adequate taxation, if need be, to the extent of \$200,000,000.

Second—*Adopt legislation that shall compel all banking institutions to do business on a specie basis. Every piece of paper that claimed to be money, but was not, I would chase back to the man or corporation that forged it, and visit upon them the penalties of the law. I would not allow a bank note to circulate that was not constantly, conveniently and certainly convertible into specie.*

Third—I would issue interest-paying bonds of the United States, and go into the market and borrow money and pay the obligations of the Government. This would be honest, business-like, and in the end economical. This could be done. Other channels of investment are blocked up, and capital would seek the bonds of investment.

This is, in substance, what I propose. This would bring us through the war poor indeed, for half the nation has to support the other half, but with the health and vigor of the athlete, and not with the bloated flesh of the beer guzzler. Did I not know that the passage of this bill was a foregone conclusion, I would move to re-commit, with instructions to that effect.”

#### SPEECH OF MR. WALTON.

Mr. WALTON, of Maine, advocated the bill.

“ Necessity compels us to pay our creditors in treasury notes. Our credit is exhausted ; or perhaps it will be more accurate to say that the means of those who are willing to lend to the Government have become exhausted. To lay and collect taxes will require considerable time ; besides, it cannot reasonably be expected that revenue enough can ever be derived from taxation to meet all the expenses of the Government while the war lasts. Practically, therefore, our Government is reduced to the necessity of paying not only its other creditors, but our brave soldiers, in its own notes. Thus compelling our creditors (our brave soldiers included) to take their pay in treasury notes ; is it not just, is it anything more than common honesty, to allow them to pay their debts in the same way. If these treasury notes are made a legal tender, they will circulate as readily as specie in the payment of debts, and will only cease thus to circulate, if ever, when they have reached the hands of those who have no debts to pay. And if, as the enemies of the legal tender clause

predict, they ever fall in value below par, will not the loss fall upon those who have money, and no debts to pay ? And can it fall on a class who will feel it less ? And as it is this class of persons that constitute our money-lenders, it will be rather a favor than an injury to them ; for these notes are convertible into United States bonds, with semi-annual interest coupons attached, and therefore accomplishes for them just what they desire—a safe loan of their money. I say a safe loan, for the issue of these notes is to be followed by vigorous taxation ; and in equity the lender will have a lien on the whole property of the United States as security for every dollar of his debt, and a pledge of the public faith that this security shall be made available.

The legal tender clause of the bill, therefore, while it secures to our soldiers and the poorer class of our citizens, who have debts to pay, great advantages, does no real injury to capitalists, and ought to be retained.

The constitutional objections have not been overlooked. I think the Federal Government has the same power to make these notes a legal tender that it has to make anything else a legal tender. *It can make nothing a legal tender by virtue of any express power. It has but an implied power in any case.* And if it is admitted, as it always has been, that the Government possesses the power to declare what shall be a legal tender in any case, it has it without limitation. It can make one thing a legal tender as well as another ; and whether these notes shall have that character or not, is a question of expediency only, and not one of power.

It is objected by some that to make these notes a legal tender will impair the obligation of contracts, and is therefore unconstitutional. But this is not true. In every contract payable in money, and no particular kind of money is named, it is implied, and is a part of the contract, that it may be discharged in what shall be the legal currency at the time of payment. A change or enlargement of the legal currency of the country, and a payment in such new currency, is no violation of the new contract, but is in pursuance of one of its implied conditions.

Having the power, and believing, on the whole, that the legal tender clause is a beneficial one, I am in favor of retaining it in the bill.”

The question recurred on Mr. Crisfield’s amendment, to strike out the legal tender clause in the original bill. The vote was taken in Committee of the Whole by tellers. On taking the vote the tellers reported—ayes 53, noes 93, so the amendment was rejected.

Several other amendments were made in Committee of the Whole, but inasmuch as they were all cut off, modified or adopted by subsequent proceedings, after the bill was reported to the House, it is not necessary to report them here. The bill, as adopted, is copied at the end of this day’s proceedings.

Having gone through the bill in Committee of the Whole there was a good deal of preliminary skirmishing on the part of different members, who had proposed substitutes and amendments as to the order of taking the vote. Some members feared that they would not be able to get a square vote in the House on their respective propositions. Several members were on the floor at the same time. Motions, objections and counter-motions were made in quick succession, and in various forms, which continued for some time, causing confusion and preventing any action of a practical

character, and preventing any vote being taken on either proposition. It finally resulted in an arrangement being made that the bill should be reported to the House, and a square vote be had on the two main propositions pending before the Committee. Mr. Vallandigham and Mr. Conkling withdrew their substitutes, so that all of the opponents of the legal tender clause could concentrate on the substitute agreed to by Mr. Morrill, Mr. Horton, Mr. Corning and Mr. Stratton, one-half of the Committee of Ways and Means ; and that the vote should be first taken of that substitute, which was modified to meet the conflicting views of the various gentlemen on that side, in order to make it as acceptable as possible to all the opponents of the original bill. This substitute finally offered by Mr. Horton, will be found (*Cong. Globe*, p. —,) and is as follows :

The substitute which was read was, to strike out of the bill all after the word “ that,” in the first section, and insert the following :

“ For temporary purposes, the Secretary of the Treasury be, and he is hereby, authorized to issue on the credit of the United States \$100,000,000 of Treasury notes, bearing interest at the rate of three and sixty-five hundredths per cent. per annum, payable in two years after date, to bearer, at the Treasury of the United States, or at the office of the Assistant Treasurer, in the city of New York, or at the office of the designated depository in the city of Cincinnati, and of such denominations as he may deem expedient, not less than five dollars each ; and such notes shall be receivable for all public dues, **except duties on imports**, and for all salaries, debts and demands owing by the United States to individuals, corporations and associations, within the United States, at the option of such individuals, corporations and associations ; and any holder of said United States notes, depositing any sum not less than fifty dollars, or some multiple of fifty, with the Treasurer of the United States, or either of the Assistant Treasurers, or either of the designated depositories at Cincinnati or Baltimore, shall receive in exchange therefor duplicate certificates of deposit for the amount, with any accumulated interest thereon, one of which may be transmitted to the Secretary of the Treasury, who shall thereupon issue to the holder an equal amount in bonds of the United States, coupon or registered, as may be desired, bearing interest at the rate of seven and three-tenths per cent. per annum, payable semi-annually in coin, and redeemable at the pleasure of the Government after ten years from date ; and such Treasury notes shall be received the same as coin, at their par value, with accumulated interest, in payment for any bonds that may be hereafter negotiated by the Secretary of the Treasury ; and the Secretary of the Treasury may, from time to time, as the exigencies of the public service may require, issue any amount of such Treasury notes equal to the amount redeemed. There shall be printed on the back of the Treasury notes, which may be issued under the provisions of this act, the following words : ‘ The within note is receivable in payment of all public dues, **except duties on imports**, and is exchangeable for bonds of the United States, bearing seven and three-tenths per cent. per annum, payable in coin, semi-annually.

SEC. 2. *And be it further enacted*, That to enable the Secretary of the Treasury to fund the Treasury notes and floating debt of the United States, he is hereby authorized to issue, on the credit of the United States, coupon bonds, or registered bonds, to an amount not exceeding \$500,000,000,—\$200,000,000 bearing interest at the rate of seven and three-tenths per cent. per annum, payable semi-annually in coin, and redeemable at the pleasure

of the Government, after ten years from date, and \$300,000,000, redeemable at the pleasure of the Government, after twenty-four years from date, and bearing interest at the rate of six per cent. per annum, payable semi annually in coin. And the bonds herein authorized shall be of such denominations, not less than fifty dollars, as may be determined upon by the Secretary of the Treasury ; and the Secretary of the Treasury may also exchange, at par, such bonds at any time for lawful money of the United States, or for any of the Treasury notes that have been, or may hereafter be, issued under any former Act of Congress, or that may be issued under the provisions of this Act.

§ 3. *And be it further enacted*, That the Treasury notes and the coupon or registered bonds authorized by this Act, shall be in such form as the Secretary of the Treasury may direct, and shall bear the written or engraved signature of the Treasurer of the United States and the Register of the Treasury ; and also, as evidence of lawful issue, the imprint of a copy of the seal of the Treasury Department, which imprint shall be made under the direction of the Secretary, after the said notes or bonds shall be received from the engravers, and before they are issued ; or the said notes and bonds shall be signed by the Treasurer of the United States, or for the Treasurer, by such persons as may be specially appointed by the Secretary of the Treasury for that purpose, and shall be countersigned by the Register of the Treasury, or for the Register, by such persons as the Secretary of the Treasury may specially appoint for that purpose ; and all the provisions of the Act entitled, ‘ An Act to authorize the issue of Treasury notes,’ approved the 23d day of December, 1857, so far as they can be applied to this act, and not inconsistent therewith, are hereby revived and re-enacted ; and the sum of \$300,000 is hereby appropriated out of any money in the Treasury not otherwise appropriated, to enable the Secretary of the Treasury to carry this act into effect.

§ 4. *And be it further enacted*, That any person or persons, or any corporation, holding Treasury notes, may, at any time, deposit them, in sums of not less than \$500, with any of the Assistant Treasurers or designated depositaries of the United States, authorized by the Secretary of the Treasury to receive them, who shall issue therefor, transferable certificates of deposit, made in such form as the Secretary of the Treasury shall prescribe, and said certificates of deposit shall bear interest after thirty days, at the rate of five and two-fifths of one per cent. per annum ; and any Treasury notes so deposited may be withdrawn from deposit at any time, on the return of said certificates, but no interest shall be allowed except after thirty days. And all such deposits shall cease and determine at the pleasure of the Secretary of the Treasury, and after ten days’ notice shall have been given to the depositor.

§ 5. *And be it further enacted*, That if any person or persons, shall falsely make, forge, counterfeit or alter, or cause or procure to be falsely made, forged, counterfeited or altered, or shall willingly aid or assist in falsely making, forging, counterfeiting, or altering any note, bond or certificate, issued under the authority of this act, or heretofore issued under acts to authorize the issue of Treasury notes or bonds, or shall pass, utter, publish, or sell, or attempt to pass, utter, publish, or sell, or bring into the United States, from any foreign place, with intent to pass, utter, publish or sell, as true, or shall have, or keep in possession, or conceal, with intent to utter, publish or sell, as true, any such false, forged, counterfeited or altered note, bond or certificate, with intent to defraud anybody, corporate or politic, or any other person or persons whatsoever ; every person so offending, shall be deemed guilty of felony, and shall, on conviction thereof, be punished by a fine not exceeding \$5,000, and by imprisonment and confinement to hard labor, not exceeding fifteen years.”

Upon the bill being reported from the Committee of the Whole to the House, the vote was first taken on this substitute.

The yeas and nays were ordered.

The question was taken, and it was decided in the negative—yeas 55, nays 95, as follows :

Yeas—Messrs. Ancona, Baxter, Biddle, George H. Brown, William G. Brown, Cobb, Frederick A. Conkling, Roscoe Conkling, Conway, Corning, Cox, Cravens, Crisfield, Crittenden, Diven, Eliot, English, Goodwin, Grider, Harding, Holman, Hor-, ton, Johnson, Law, Lazear, Lovejoy, May, Menzies, Justin S. Morrill, Morris, Nixon, Noble, Norton, Nugen, Odell, Pendleton, Perry, Pomeroy, Porter, Edward H. Rollins, Sedgwick, Sheffield, Shiel, William G. Steele, Stratton, Benjamin F. Thomas, Francis Thomas, Train, Vallandigham, Wadsworth, E.P. Walton, Ward, Webster, Chilton A. White and Wright—55.

Nays—Messrs. Aldrich, Alley, Arnold, Ashley, Babbitt, Goldsmith F. Bailey, Joseph Bailey, Baker, Beaman, Bingham, Francis P. Blair, Jacob B. Blair, Samuel S. Blair, Blake, Buffinton, Burnham, Campbell, Chamberlain, Clark, Colfax, Cutler, Davis, Delano, Delaplaine, Duell, Dunlap, Dunn, Edgerton, Edwards, Ely, Fenton, Fessenden, Fisher, Franchott, Frank, Gooch, Granger, Gurley, Haight, Hale, Hanchett, Harrison, Hickman, Hooper, Hutchins, Julian, Kelley, Francis W. Kellogg, William Kellogg, Killinger, Knapp, Lansing, Leary, Loomis, McKean, McKnight, McPherson, Marston, Maynard, Mitchell, Moorhead, Anson P. Morrill, Olin, Patton, Timothy G. Phelps, Pike, Price, Alexander H. Rice, John H. Rice, Richardson, James S. Rollins, Sargent, Shanks, Shellabarger, Sherman, Sloan, Spaulding, John B. Steele, Stevens, Trimble, Trowbridge, Upton, Van Horn, Van Valkenburg, Van Wyck, Verree, Wall, Wallace, Charles fir. Walton, Whaley, Albert S. White, Wyckliffe, Wilson, Windom and Worcester—95.

So the substitute was not agreed to.

The question then recurred on the modification of the original bill, offered by Mr. Stevens as a substitute, which was not read, but which Mr. Stevens had just before explained as follows :

Mr. STEVENS—“ I wish to state in regard to my amendment, that it is a modification of the original bill. Those who are in favor of the original have agreed upon this in lieu of it. We thought it better to adopt the suggestion contained in the amendment of the gentleman from Ohio of \$150,000,000, retiring the \$50,000,000 of demand notes (authorized last July), and of making \$150,000,000 the maximum to which they shall go. That is about all the change there is, except that we have left out the foreign loan clause, which is in the original ; and we have agreed to adopt an amendment by which the holders of these notes may convert them either into a twenty years' bond at six per cent., or five years' bonds at seven per cent., at their option.”

This modification of the original bill had the concurrence of the other half of the Committee of Ways and Means—Messrs. Stevens, Spaulding, Hooper and Maynard, and was adopted by the House without a division.

The bill, as amended, was ordered to be engrossed and read a third time. The yeas and nays were ordered on the final passage of the bill. The question was taken, and it was decided in the affirmative—yeas 93, nays 59, as follows :

Yeas—Messrs. Aldrich, Alley, Arnold, Ashley, Babbitt, Goldsmith F. Bailey, Joseph Bailey, Baker,

Beaman, Bingham, Francis P. Blair, Jacob Blair, Samuel S. Blair, Blake, Buffinton, Burnham, Campbell, Chamberlain, Clark, Colfax, Cutler, Davis, Delano, Delaplaine, Duell, Dunn, Edgerton, Edwards, Ely, Fenton, Fessenden, Fisher, Franchot, Frank, Gooch, Granger, Gurley, Haight, Hale, Hanchett, Harrison, Hickman, Hooper, Hutchins, Julian, Kelley, Francis W. Kellogg, William Kellogg, Killinger, Lansing, Leary, Loomis, McKean, McKnight, McPherson, Marston, Maynard, Mitchell, Moorhead, Anson P. Morrill, Nugen, Olin, Patton, Timothy G. Phelps, Pike, Price, Alexander H. Rice, John H. Rice, Riddle, James S. Rollins, Sargent, Shanks, Shellabarger, Sherman, Sloan, Spaulding, John B. Steele, Stevens, Trimble, Trowbridge, Lipton, Van Horn, Van Valkenburgh, Van Wyck, Verree, Wall, Wallace, Charles AV. Walton, Whaley, Albert S. White, Wilson, Windom and Worcester—93.

Nays—Messrs. Ancona, Baxter, Biddle, George H. Brown, Cobb, Frederick A. Conkling, Roscoe Conkling, Conway, Corning, Cox, Cravens, Crisfield, Diven, Dunlap, Eliot, English, Goodwin, Grider, Harding, Holman, Horton, Johnson, Knapp, Law, Lazear, Lovejoy, Mallory, May, Menzies, Justin S. Morrill, Morris, Nixon, Noble, Norton, Odell, Pendleton, Perry, Pomeroy, Porter, Richardson, Robinson, Edward H. Rollins, Sedgwick, Sheffield, Shiel, William G. Steele, Stratton, Benjamin F. Thomas, Francis Thomas, Train, Vallandigham, Voorhees, Wadsworth, E. P. Walton, Ward, Webster, Chilton A. White, Wickliffe and Wright—59.

Thus the legal tender act, after a protracted debate, and a most determined opposition, by prominent and influential Republicans, as well as Democrats, was passed through the House by a large majority.

The following is a copy of the bill as it first passed the House, on the 6th of February, 1862 :

*“ An Act to authorize the issue of United States notes, and for the redemption funding thereof, and for funding the floating debt of the United States.*

**SECTION 1.** *Be it enacted by the Senate and House of Representatives of the United States of America, in Congress assembled:* That to meet the necessities of the Treasury of the United States, and to provide a currency receivable for the public dues, the Secretary of the Treasury is hereby authorized to issue, on the credit of the United States, \$150,000,000 of United States notes, not bearing interest, payable to bearer at the Treasury of the United States, at Washington or New York, and of such denominations as he may deem expedient, not less than five dollars each. Provided, however, that \$50,000,000 of said notes shall be in lieu of the demand Treasury notes authorized to be issued by the Act of July 17, 1861 ; which said demand notes shall be taken up as rapidly as practicable, and the notes herein provided for substituted for them : And provided, further, that the amount of the two kinds of notes together, shall, at no time, exceed the sum of \$150,000,000. And such notes, herein authorized, shall be receivable in payment of **all taxes, duties, imports, excise, debts and demands of every kind due** to the United States, and for all salaries, debts and demands owing by the United States to individuals, corporations and associations within the United States, and shall also be **lawful money and a legal tender, in payment of all debts, public and private,** within the United States. And any holders of said United States notes, depositing any sum not less than \$50, or some multiple of \$50, with the Treasurer of the United States, or either of the Assistant Treasurers, shall receive in exchange therefor duplicate certificates of deposit, one of which may be transmitted to the Secretary of the Treasury, who shall thereupon issue to the holder an equal amount of bonds of the United States, coupon or registered, as may by said holder be desired, bearing

interest at the rate of six per centum per annum, payable semi-annually, at the Treasury or Sub-Treasury of the United States, and redeemable at the pleasure of the United States, after twenty years from the date thereof. Provided, that the Secretary of the Treasury shall, upon presentation of said certificates of deposit, issue to the holder thereof, at his option, and instead of the bonds already described, an equal amount of bonds of the United States, coupon or registered, as may by said holder be desired, bearing interest at the rate of seven per cent. per annum, payable semi-annually, and redeemable at the pleasure of the United States, after five years from the date thereof. And such United States notes shall be received **the same as coin, at their par value, in payments** for any loans that may be hereafter sold or negotiated by the Secretary of the Treasury, and may be re-issued from time to time, as the exigencies of the public interests shall require. There shall be printed on the back of the United States notes, which may be issued under the provisions of this act, the following words : ‘ The within is a legal tender in payment of all debts, public and private, and is exchangeable for bonds of the United States, bearing six per centum interest at twenty years, or in seven per cent. bonds at five years.’

§ 2. *And be it further enacted*, That to enable the Secretary of the Treasury to fund the Treasury notes and floating debt of the United States, he is hereby authorized to issue, on the credit of the United States, coupon bonds, or registered bonds, to an amount not exceeding \$500,000,000, and redeemable at the pleasure of the Government, after twenty years from date, and bearing interest at the rate of six per centum per annum, payable semi-annually ; and the bonds herein authorized shall be of such denominations, not less than fifty dollars, as may be determined upon by the Secretary of the Treasury ; and the Secretary of the Treasury may dispose of such bonds at any time for lawful money of the United States, or for any of the Treasury notes that have been, or may hereafter be, issued under any former act of Congress, or for United States notes that may be issued under the provisions of this act ; and all stocks, bonds, and other securities of the United States, held by individuals, corporations, or associations, within the United States, shall be exempt from taxation by any State or county.

§ 3. *And be it further enacted*, That the United States notes and the coupon or registered bonds, authorized by this act, shall be in such form as the Secretary of the Treasury may direct, and shall bear the written or engraved signatures of the Treasurer of the United States, and the Registry of the Treasury, and also as evidence of lawful issue, the imprint of copy of the seal of the Treasury Department, which imprint shall be made under the direction of the Secretary, after the said notes or bonds shall be received from the engravers, and before they are issued ; or the said notes and bonds shall be signed by the Treasurer of the United States, or for the Treasurer by such persons as may be especially appointed by the Secretary of the Treasury for that purpose, and shall be counter-signed by the Register of the Treasury, or for the Register by such persons as the Secretary of the Treasury may especially appoint for that purpose ; and all the provisions of the act entitled “ An act to authorize the issue of Treasury notes,” approved the 23d day of December, 1857, so far as they can be applied to this act, and not inconsistent therewith, are hereby revived and re-enacted ; and the sum of \$300,000 is hereby appropriated out of any money in the Treasury not otherwise appropriated, to enable the Secretary of the Treasury to carry this act into effect.”

Two *penal* sections (§ 4 and § 5) were adopted as part of this bill, to guard against counterfeiting, but it is not important to insert them here, as they do not affect the

## principles of the bill.

### LETTER FROM GEORGE DAWSON, ESQ., TO THE ALBANY EVENING JOURNAL.

“ WASHINGTON, February 6, 1862.

“ This has been an exciting day in the House. A fierce battle has been waged against the ‘legal tender’ Treasury notes. But, as I think, the right has prevailed, and by a vote of 95 to 59—a much stronger force than was counted upon, the real argument was reduced to a very small compass. All admitted the necessity of a resort to paper currency ; and the question was whether that paper should be made as nearly par value as possible, or subjected to the fluctuations and depreciations of an ordinary irredeemable currency. If made a legal tender, these notes could never sink below the best bank paper. If not so made, they would very soon cease to be available as a circulating medium.

Besides, if Treasury notes were to be used to pay the Government creditors, why should not their creditors be required to take them ? Why should the soldier be required to take what the sutler might refuse ? To be sure, the now legal tender bill left it optional with the soldier, whether he should take the notes or not ; but if he availed himself of the ‘option, what had the Government to give him ? Practically, it would be Treasury notes or nothing, as, during a general Bank suspension, it is irredeemable bank bills ‘or no pay.’

It was not strange that members of the same political family, differed on a question of really doubtful expediency. And but for the necessities of Government, I doubt whether the ‘legal tender’ principle would have received a dozen votes in the House. It is a new financial principle, and its workings may result in some, if not all the evils predicted from it. Nevertheless, as Treasury Notes *had* to be resorted to, the common sense of the House, as well as the common sense of the people, determined that they should be made as near the practical value of gold as possible. Mr. Spaulding, of Erie, has had to assume the laboring oar in this financial expedient. He had but a bare majority of his Committee with him at the outset ; and, when the Secretary of the Treasury hesitated, as he did for several days, the Committee became equally divided. And yet, the measure carried a large majority of the House with it—a fact as gratifying to Mr. S. as it is complimentary to his financial acumen.

The country breathes freer ! The legal tender bill has passed the House, and national bankruptcy is averted. The grateful thanks of all loyal men are due to Mr. Spaulding and the representatives who supported the measure, for this timely effort in behalf of the public credit. The relief comes not a moment too soon. Now let the Senate do its duty promptly, and we shall be clear ‘of the breakers.’ ”

continue

**PROCEEDINGS IN THE SENATE ON THE BILL.**

The legal tender bill was sent to the Senate on the 7th inst., and was, on motion of Mr. Fessenden, read twice by its title, and referred to the Finance Committee.

The Treasury was nearly empty, and the Secretary was unable to negotiate any more of the loan authorized by the act passed at the extra session in July, at the rates fixed by the law. The act limited him *to par* in disposing of any of the bonds or notes authorized by that act. The six per cent. twenty year bonds were then selling at about 88, and the 7 3-10 notes were below par. In this emergency, Secretary Chase sent to Mr. Fessenden a letter, urging the immediate passage of a bill giving temporary relief, while the legal tender bill was being perfected in the Senate. Mr. Fessenden obtained unanimous consent to consider the subject forthwith. The following proceedings were had :

Mr. FESSENDEN—"I have just received a letter from the Treasury Department, which I will read :

“ TREASURY DEPARTMENT, Feb. 7, 1862.

“ Sir : The condition of the Treasury requires immediate legislative provision. What you said this morning leads me to think that the bill which passed the House yesterday, will hardly be acted upon by the Senate this week. Until that bill shall receive the final action of Congress, it seems advisable to extend the provisions of the former acts, so as to allow the issue of at least \$10,000,000 in United States notes, in addition to the \$50,000,000 heretofore authorized. I transmit a bill framed with that object, which will, I trust, meet your approval and that of Congress. Immediate action on it is exceedingly desirable.

Yours, truly,  
S.P. CHASE.”

“ Hon. WILLIAM P. FESSENDEN,  
Chairman Committee Finance, Senate.”

The bill is a very short one, and I will read it :

“ *A Bill to authorize an additional issue of United States Notes.*

*Be it enacted, etc.,* That the Secretary of the Treasury, in addition to the \$50,000,000 of notes, payable on demand, of denominations not less than five dollars, heretofore authorized by the acts of July 17, and August 5, 1861, be, and he is hereby, authorized to issue like notes, and for like purposes, to the amount of \$10,000,000, which said notes shall be deemed part of the loan of \$250,000,000 authorized by said acts.”

“I will state that this has just been received by me. It has not been submitted to the Finance Committee, but the emergency is known to all. The bill is simple and easily understood, and I presume there will be no objection to passing it now. At all events, I ask the unanimous consent of the Senate to enable me to introduce the bill without notice, and to have it considered now.”

By unanimous consent, leave was granted to introduce the bill, (S. No. 190,) to

authorize an additional issue of United States notes ; and it was read three times and passed. This bill was sent to the House on the 10th inst., and on being read was immediately passed, without opposition.

On the 10th inst. Mr. Fessenden reported the bill (House Bill No. 240) from the Finance Committee, with amendments. The important amendments thus reported were :

First—That the legal tender notes should be receivable for all claims and demands against the United States of every kind whatsoever, “*except for interest on bonds and notes, which shall be paid in coin.*”

Second—That the Secretary might dispose of United States bonds “*at the market value thereof, for coin or Treasury notes.*”

Third—A new section, No. 4, authorizing deposits in the sub-Treasuries at five per cent., for not less than thirty days, to the amount of \$25,000,000, for which certificates of deposit might be issued.

Fourth—An additional section, No. 5, “that all duties on imported goods and proceeds of the sale of public lands,” etc., should be set apart to pay coin interest on the debt of the United States ; and one per cent. for a sinking fund, etc.

On the 12th inst. Mr. Fessenden, Chairman of the Finance Committee, opened the debate on the bill in a lengthy speech. (*Cong. Globe*, p. 762.)

#### SPEECH OF MR. FESSENDEN.

“ I propose, Mr. President, before any question is taken on any one of the amendments, to make some remarks upon this bill. They maybe very dull and dry, for it is rather a dry subject, but still it becomes my duty, as the organ of the Committee on Finance, to explain the provisions of this bill.

The honorable Secretary of the Treasury, at the beginning of the session, recommended two measures—*taxation* and a *bank*. Both of these subjects require, at this stage of the country, and under existing circumstances, peculiar and long consideration. The opinion of the country has tended towards what is called indirect taxation, taxation upon different American and other products, and different kinds of property. Sir, that requires great time. I have examined it sufficiently to be aware that it is not the labors of a day, or a week, or a month. It is substantially new in this country, and it requires much time, much study, and much information to acquire all the knowledge of the various products which would be likely to produce a revenue, and upon which a tax might, with propriety, be laid. So, too, with reference to the scheme suggested by the honorable Secretary of the Treasury with regard to a bank. And yet, notwithstanding all that, a bill of that description has been reported. With regard to the particular bill now before the Senate, we all know that it was resorted to as a temporary measure, not in the beginning, but in consequence of the necessities of the Treasury, arising from a greater expenditure than the Secretary could have imagined, and arising from the necessary delay with reference to other measures. Can it be said that a measure like the one now pending before the Senate and the country is a measure of a day or an hour ? Why, sir, what does it propose ? It proposes something utterly unknown in this Government from its foundation ; a resort to a measure of

doubtful constitutionality, to say the least of it, which has always been denounced as ruinous to the credit of any Government which has recourse to it ; a measure, too, about which opinions in the community are divided as perhaps they never have been divided upon any other subject ; a measure which, when it has been tried by other countries, as it often has been, has always proved a disastrous failure. Sir, it would hardly be expected that a measure of this description, brought into the House of Representatives and the Senate for the first time in the history of the country, involving questions of such infinite importance, not only with reference to to-day, but with reference to the future, to all time, because it is setting a precedent which may be followed, should be taken up and passed at once, as we pass appropriation bills. *It needed long, careful and vigorous discussion. It has had it in the other branch of Congress. I have read that discussion from beginning to end. It has been able and clear upon both sides of the question.* The subject deserved that discussion ; and the House of Representatives would have been faulty if it had suffered a measure of this kind to be passed without its having undergone a discussion which should not only enlighten the House, but enlighten the country upon all the aspects of it. Shall Congress be considered in fault because they have not before acted, or did not act heartily, upon a measure of that description ? I think not, sir. The time has been well spent, and although I regret as much as any man can regret that we have not been able to act more promptly, I see no fault to be imputed anywhere ; not in the other House of Congress, and certainly not in this ; for it has reached this body as soon as it could possibly reach it, when you consider the nature of the questions that were to be discussed by the Committee to whom it was referred.

I have already said that we have never attempted to resort to such a measure before. We have had a war with England since our Government was formed ; and if I am rightly informed, at that day, the stocks of the Government went down to sixty per cent, and pay was taken for them in such currency as could be received, itself depreciated ; and yet it did not occur as a serious question to the men of that day to put forth, under the Constitution, irredeemable paper made a legal tender for the payment of debts. To be sure, the country then was poor ; it is now rich, comparatively. The country had not then the resources that we have ; and perhaps it would have had the more excuse for adopting such a course. I do not urge this as an argument against it at the present time, but only as showing the nature of the measure itself, to which it is now proposed to have recourse, in order to place the Government in a better position ; especially, sir, when you observe that everybody who has spoken on this question, I believe without an exception—there may have been one or two—but all the opinions that I have heard expressed, agree in this : that only with extreme reluctance, only with fear and trembling as to the consequences, can we have recourse to a measure like this, of making our paper a legal tender in the payment of debts.

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The Committee on Finance have reported several very important amendments. The first amendment, which the Senate will notice is made in the first section, is **that the interest on the public debt shall be paid in coin**. The Senate will observe that without this, under the provisions of the House bill, a creditor of the Government, holding Government paper, notes, or bonds, would be compelled to take his interest in notes or bonds, as the case might be, when the time for the payment of the interest came round. He would have no choice. The tender of a note for the interest that might be due on his bonds, however large or small, would be equivalent in its effect to the tender of coin. According to our amendment, the Government will be obliged to provide itself with coin for the payment of the interest. The object of this provision is not only to do justice in this regard, but also to

make it raise and support the credit of the Government obligations ; and it will be perceived how very important it is to that end. The Secretary, by the provision which I have referred to, is obliged to provide himself with coin for that purpose, and he is obliged to do it **at whatever sacrifice** may be necessary, in order to accomplish that purpose. This certainly will have one effect ; it proves the good faith of the Government ; that it means to do all it can ; that it means to spare no effort at whatever cost, to give to those who take the Government paper, what they wish to receive, something besides Government paper, and thus running round in a circle of paper, for the interest upon their debts.

But, sir, it was not enough, perhaps, to show the good faith of the Government in this particular. The Committee have recommended that we go further, and that we provide a specific fund, in order to accomplish that purpose, and set it aside for that object. It was proposed in the Committee—and it struck me favorably at first—to set aside, specifically, the public duties, by providing that the duties on imports should be paid in coin ; but on consideration, it was deemed by the Committee that that would be hardly fair. The result would be to make a distinction between different classes of the community, and to impose a very heavy burden upon those who are engaged in trade, and who would be called upon to pay duties. If we provide a paper currency, the natural and inevitable effect of it is, that coin increases in price. The consequence would be, unquestionably, that those obliged to pay duties on imports might be compelled to make a severe sacrifice, in order to raise the coin to pay the duties ; and, in the next place, the general effect would be to, in effect, increase the duties provided by our tariff. Necessarily, if coin appreciates, if it becomes worth more than the ordinary currency, and duties are to be paid in coin, the effect of such a provision would be to increase the duties, which are already very high, and in some cases almost prohibitory. The Committee, therefore, thought that, under the circumstances, that would not be wise ; although it will be perceived that, not having done so, the converse of the proposition may be true : that the effect, if we inflate the currency by paper, and allow the duties to be paid in paper, is necessarily to diminish the duties on imports, and thus, perhaps, to lead to a greater importation.

Having rejected this, it becomes necessary to make some other provision ; and accordingly provision was made, and will be found in the fifth section, by setting aside the amount of duties received, the amount received from the sales of the public lands, and the amount that may be received from the confiscation of the property of the rebels, to form a fund. The Senate will consider whether all these provisions are necessary and wise, to create a fund which shall be devoted, in the first place, to pay the interest upon the coin and on the notes ; and, in the second place, to create a sinking fund, which, in the end, might be able to pay the whole debt, and would in a certain course of time.

This, undoubtedly, will be a very sufficient security ; but, sir, the Committee have gone further. In order that the Secretary may be sure, and that the public creditors may feel safe with reference to it, *they give to the Secretary the power to sell the bonds of the Government at any time that it may be necessary, at the market price, in order to raise coin. That can always be done. The sacrifice may be great, or it may not ; it depends upon circumstances ; but at any rate that will bring coin.* These two provisions, taken together, have the effect necessary to create an entire confidence in the minds of the purchasers of the public obligations, that the interest will be surely paid at the time it is due, and paid in coin ; and having done that, the result is obvious to the Committee that our securities must necessarily be placed upon a more stable foundation, and be of very much greater value in the market, because **what the holder of public securities wants**, is to be sure that his interest will be paid, especially if it is on long time. But, sir, the power to

sell the obligations of the Government at the market price is not confined to the interest. The Senate will observe that it is made general ; that instead of being confined and obliged to sell the obligations of the Government at par, the Secretary of the Treasury is authorized to *sell them at any time at the market price* ; and instead of being confined to sell them for coin, merely for the purpose of raising money to pay the interest on the public debt, he is permitted to sell any amount at any time that it may be necessary, for what he can get. This is a bold, strong measure, and it may strike the Senate with some surprise, or, at any rate, it may lead them to deliberate upon the subject.

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But the Committee thought, in giving this enlarged power to the Secretary at this time, that it was bound—if this legal tender was to be resorted to, especially if the bill of the House as it stood should be adopted by the Senate, and should become a law—that an assurance should be given to the country that it was not to be resorted to as a *policy* ; that it was what it professed to be, *but a temporary measure*. The opinions of the Secretary of the Treasury are perfectly well known. He has declared that, in his judgment, it is, and ought to be, but a temporary measure, not to be resorted to as a policy, but simply on this single occasion, because the country is driven to the necessity of resorting to it. I have not heard anybody express a contrary opinion, or, at least, any man who has spoken on the subject in Congress. The Chairman of the Committee of Ways and Means, in advocating the measure, declared that it was not contemplated, and he did not believe it would be necessary to issue more than the \$150,000,000 of Treasury notes made a legal tender, provided by this bill. All the gentlemen who have written on the subject, except some wild speculators in currency, have declared that as a policy it would be ruinous to any people ; *and it has been defended, as I have stated, simply and solely upon the ground that it is to be a single measure, standing by itself, and not to be repeated.*

Section four of the bill, as reported by the Committee, contains a provision to which I will call the attention of the Senate. It provides for certain deposit certificates.

This provision was very much desired by the banks in all the cities. It was thought that it would afford them facilities that would give greater currency to the notes, that it would enable them to deal with them better ; and therefore we have offered a provision, that for a period of not less than thirty days, any person or institution may deposit their Treasury notes, in sums of not less than \$500, at the Sub-Treasury, and receive all interest of five per cent.

Mr. President, I wish now to say something upon the main question of the bill, which I have avoided touching, except incidentally ; and that is *the clause making these notes a legal tender* ; for, after all, that is the great question now submitted to the Senate. The Senate will observe that the Committee make no recommendation on that subject, except such as may be inferred from the fact that they report it back, retaining the clause, and so far an inference might be drawn that the Committee were in favor of it. Under the circumstances of the case in the Committee, (of which, perhaps, I may speak with propriety as the Committee as a whole, had no opinion upon the subject, their opinions being so divided,) I deem myself at liberty, as I should, perhaps, be under any circumstances, if need be, and if my opinions lead me that way, to say what I have to say in opposition to that clause. I do not propose to do this except incidentally. I propose rather to state the argument as I understand it, on both sides, in relation to the matter as briefly as I can, without attempting to go into the argument of the subject myself.

The ground upon which this clause making these notes a legal tender is put, I have already stated. It is put upon the ground of *absolute, overwhelming necessity* ; that the

Government has now arrived at that point when it must have funds, and those funds are not to be obtained from ordinary sources, or from any of the expedients to which we have heretofore had resource, and therefore, this new, anomalous, and remarkable provision must be resorted to in order to enable the Government to pay off the debt that it now owes, and afford circulation which will be available for other purposes. The question then is, does the necessity exist? That is a question which I propose in some degree to discuss, because I admit fully and decidedly that the Government, or the country, rather, is to be sustained in its present undertaking, and that we are bound to obtain the means to effect that object. If the necessity exists, I have no hesitation upon the subject, and shall have none. If there is nothing left for us to do but that, and that will effect the object, I am perfectly willing to do that. The question, however, is whether it is necessary, whether we have arrived at that stage, and whether something can or cannot be done in order to accomplish the object.

Sir, I do not hesitate to say here, that *I would advocate the use of the strong arm of the Government to any extent in order to accomplish the purpose in which we are engaged. I would take the money of any citizen against his will to sustain the Government, if nothing else was left, and bid him wait until the Government could pay him. It is a contribution which every man is bound to make under the circumstances.* We can take all the property of any citizen. That is what is called a forced contribution. Thank God, we have not arrived at that; but I am not certain that it would not be a more manly course to meet the matter straight in the face, and if we are to compel a man to part with his property, to do it without offering him what may appear to be security, and yet I am not certain that that would not be the more manly and praiseworthy course to pursue. Then, sir, as to this question of necessity, I wish to ask the gentlemen to consider upon what public credit is founded? According to my reading and my view of the case, it has but one foundation, and that is, the confidence of the people in the ability and integrity of the Government, and its power and its will to pay. Public credit has no other foundation that I am aware of than that. If that is so, then the question arises, what is the ability and what is the integrity of this Government, and what is its will to pay? Are they such as of themselves, under proper legislation, will enable the Government to raise means in the ordinary way?"

Mr. FESSENDEN went on to show that the country was rich in means, land fertile, people industrious, agricultural and manufactured products in great abundance, and that under any circumstances we must be entitled to credit for our ability to pay, and that no person placing himself in the position of a money-lender could hesitate to say that we were entitled to all the credit of a great, productive, strong and healthful people. He said our credit had been somewhat injured by the conduct of the war, and yet he thought unreasonably. He saw no reason for loss of credit by the conduct of the war.

He then proceeded :

" The question, after all, returns : is this measure absolutely indispensable to procure means? If so, as I said before, *necessity knows no law.* What are the objections to it? I will state them as briefly as I can. The first is a negative objection. A measure of this kind certainly cannot increase confidence in the ability or the integrity of the country. It can

make us no better than we are to-day, so far as this foundation of all public credit is concerned.

Next, in my judgment, it is a confession of bankruptcy. We begin and go out to the country with the declaration that we are unable to pay or borrow, at the present time, and such a confession is not calculated to increase our credit.

Again, say what you will, nobody can deny that it is bad faith. If it be necessary for the salvation of the Government, all considerations of this kind must yield ; but, to make the best of it, it is bad faith, and encourages bad morality, both in public and private. Going to the extent that it does, to say that notes thus issued shall be receivable in payment of all private obligations, however contracted, is in its very essence a wrong, for it compels one man to take from his neighbor, in payment of a debt, that which he would not otherwise receive or be obliged to receive, and what is probably not full payment.

Again, it encourages bad morals, because, if the currency falls, (as it is supposed it must, else why defend it by a legal enactment?) what is the result ? It is, that every man who desires to pay off his debts at a discount, no smatter what the circumstances are, is able to avail himself of it against the will of his neighbor, who honestly contracted to receive something better.

Again, sir, necessarily as a result, in my judgment, it must inflict a stain upon the national honor. We owe debts abroad yet. Money has been loaned to this country, and to the people of this country, in good faith. Stocks of our private corporations, stocks of our States and of our cities, are held and owned abroad. We declare that for the interest on all this debt, and the principal, if due, these notes, made a legal tender by act of Congress, at whatever discount they shall stand, shall be receivable. Payment must be enforced, if at all, in the courts of this country, and the courts of this country are bound to recognize the law that we pass. That result, then, is inevitable.

Again, sir, it necessarily changes the values of all property. It is very well known that all over the world gold and silver are recognized as money, as currency ; they are the measures of value. We change it here. What is the result ? Inflation, subsequent depression, all the evils which follow from an inflated currency. They cannot be avoided ; they are inevitable ; the consequence is admitted. Although the notes, to be sure, pass precisely at par, gold appreciates and property appreciates.

Again, sir, a stronger objection than all that I have to this proposition—I am stating the objections which everybody must entertain, because I suppose these facts are palpable—is, that the loss is to fall most heavily upon the poor, by reason of the inflation.”

Mr. Fessenden continued his argument at great length, urging taxation, good faith and economy, as the best means of maintaining the credit of the Government. Said he would not argue the constitutional question, proposing to leave his own mind uninstructed on this question, and if need be, leave that question to be settled by the courts. That this was a great crisis truly, but he believed we would be as well able to meet the difficulties without the legal tender clause as with it. And concluded as follows :

“ We always meet, and must always expect to meet, in a Government like ours especially, difficulties such as attend us now—perhaps not so great, but greater or less—in the course of time. No nation ever escaped them, and no nation can hope to escape them. I would

not have perfect quiet always, in a republic especially. It would be a bad sign if it were so. It is contrary to the very nature of our Government that it should exist. You never find quiet except under a tyranny. Only in the dead sea of despotism is there a perfect calm. It cannot be looked for in the wide ocean of liberty. Storms arise inevitably, and the waves roll and dash turbulently, but bright skies again cheer us, the agitated waters subside, and their broad bosom is traversed by thousands of tall ships laden richly with hope for the nations of the world.”

#### JUDGE COLLAMER’S SPEECH.

Mr. COLLAMER, of Vermont, made an elaborate speech against the legal tender clause in the bill :

“ He argued that it was unconstitutional, and that even if it was a necessity, he could not vote for the measure. To him, the oath he had taken to support the Constitution, was recorded in Heaven as well as upon earth, and there is no necessity that, in his estimation, would justify him in the breach of it. He admitted that when the Government borrows money, it must give some evidence of the debt, whether by the name of Treasury note or some other name, is immaterial, but denied the power of Congress to make them a tender in payment of debts. He quoted largely from Story on the Constitution, to show the illegality as well as inexpediency of this measure. He said it would be aiding and assisting men who owed debts, to pay those debts with a depreciated paper, at the cost and expense of the creditor. His honest opinion was that the Constitution never intended to invest Congress with any such power. He referred to the debates in the convention that formed the Constitution, to show that the men of that period always entertained the opinion that the ‘ United States could have nothing else a tender but coin.’ While they lived there never was such a thing thought of as attempting to make the evidences of the debt of the Government a legal tender, let their form be what they might. He argued that there was an express power ‘ to borrow money on the credit of the United States.’

That where there is an *express* power to do a thing, there can be no *implied* power to do the same thing. There were two modes of replenishing the Treasury. One was by taxation, and the other to borrow money. To borrow money there must be a lender and a borrower, and both should act voluntarily, and not compel the lender to part with his money without an inducement. The operation of this bill was not anything like as honorable or honest as a forced loan. Such paper always depreciates, and generally fails altogether, and is never paid.”

He urged taxation, and the issue of Treasury notes receivable for public dues, and closed as follows :

“ You have nothing to do but to exercise the powers you possess in commanding the resources that you can command, and you can have money and credit enough. I think some little courage becomes us, too, in performing our duty. I have no doubt that this country is able to sustain itself in this strife, pecuniarily as well as physically. I, for one, desire to do that ; but I do not want to do it by saying that now, because the necessity

requires money, I will go and steal it, or authorize anybody else to steal it. I will not say to a man : ‘ Here is my note for so much, and if I do not pay it, you must steal the amount from the first man you come to, and give him this note in payment.’ I will do nothing of that kind. I have faith in the Government. I no way despair of the success of this Government. It cannot fail. Its power, its resources, its members are such that it is not possible it should fail. If we are not competent to exercise the proper moral courage to do our duties and come up to what is wanted, I hope we shall give place to men who are.”

MR. HOWE’S SPEECH.

Mr. HOWE, of Wisconsin, made a lengthy speech in favor of the bill, which will be found in the Appendix to the *Cong. Globe*, p. 51-2-3.

“ Mr. PRESIDENT—Hitherto the effort of the Government has been to borrow the immense sums demanded for the war in coin. It is clear to my mind that this effort should be abandoned. We are excluded from borrowing in foreign markets for the present. It suits both the financial and political purposes of other nations, at this time, to discredit our ability. Not until we have demonstrated that, in the devotion of our own people, the Government has resources equal to its utmost needs, can we command the confidence of the gold-mongers of Europe ? To borrow of those communities, in their present temper, would subject us to such discounts now as would neither comport with our interests or our honor, and would subject us hereafter to heavy annual exportations of specie for the payment of interest.

To continue borrowing of our own banks, and *borrowing coin, is impossible. They have not the coin to lend. In their efforts to lend to the Government they have already been forced to suspend the payment of specie upon their own notes.* The entire sum of specie in all the banks in the United States, in May last, was only \$99,751,627 ; of that sum \$27,125,000 was in the vaults of banks within the seceded States, and not just now available for the purposes of this Government. Thus the specie capital, which the banks of the loyal States could place at the disposal of the Government, was but *little more than seventy-two millions of dollars. That sum will not defray the expenses of the Government for fifty days.* The Government may be able to borrow of the banks, but the Government cannot borrow specie of the banks. If it borrows anything from them it must borrow, not their money, but their promises to pay money. Nothing is more certain than that, whatever our wishes may be, it is impossible to command the revenues for this war in coin. We must rely *mainly upon a paper circulation ;* and there is another thing equally certain, which is, that that paper, whoever issues it, *must be irredeemable. All paper currencies have been, and ever will be, irredeemable. It is a pleasant fiction to call them redeemable ; it is an agreeable fancy to think them so.* I would not dispel that fancy, I would not expose that fiction, only that the great emergency which is upon us seems to me to render it more than usually proper that the nation should begin to speak truth to itself ; to have done with shams, and to deal with realities.

\* \* \* \* \*

To talk of borrowing of your banks the money to support your army and your navy, is as idle as for England to talk of borrowing from her national bank the money to pay her national debt. There is but one fund adequate to supply the national finances, *and that is,*

*the property of the nation. There is but one guarantee upon which the national credit can securely rest, and that is the national faith.* In the discharge of that duty Congress is clothed with unrestricted power to *raise and support* armies, to *provide and maintain* navies. Congress is also clothed with power 'to make all laws which shall be necessary and proper for carrying into execution the foregoing powers, and all other powers vested by this Constitution in the Government of the United States.'

To preserve for these eleven misguided States a republican form of government, we have raised such armies and provided such navies as this continent never before saw—such as the world has rarely seen. I deem those armies and navies 'necessary and proper' for the occasion. To *support* those armies and *maintain* those navies I deem the measure before the Senate 'necessary and proper.'

Those who deny the constitutional authority to pass this bill must deny its necessity or its propriety. Those who deny its necessity or its propriety ought to show us some plan for avoiding it, some measure adequate to the emergency, and more *proper* than the one proposed by this bill. Two months have elapsed since the policy of this bill has been discussed, and no one of its opponents has yet produced a substitute. The total neglect to offer a substitute is *prima facie* evidence of the necessity for this. But it is not the only evidence of that necessity. It is evident that no substitute can be provided, except it be taxation or direct loans. I have already said that taxation is inadequate to the supply demanded for this terrible occasion. No nation of modern times has been able to provide from taxes alone, the immense sums we are called upon to expend. I will presently show that direct loans are quite as impracticable as taxation.

\* \* \* \* \*

The Senator from Ohio [Mr. Sherman,] proposes to amend this bill, so as to authorize the Secretary of the Treasury to sell the public stocks for whatever he may be offered for them ; to go into the market with the national credit, and to sell it for whatever the crippled capital of the country chooses to offer for it, to fling the financial character of the Republic, as a bone, to be quarreled and growled over by the bulls and bears of the stock market. To that amendment I am opposed. If you notify the capital of the country that you are prepared to pay for money, whatever it is pleased to exact, it will be hoarded to wait the extremity of your distress. No man likes to sell for less than he buys. No man likes to buy for more than his neighbors. And if we advertise to the world that, like any other spendthrift, we are prepared to pay for money according to our necessities for it, no man will purchase our bonds at ninety cents for fear we shall presently sell it seventy-five ; and if we offer them at seventy-five per cent., we give the best of assurances that we will soon sell at fifty.

\* \* \* \* \*

Sir, if one of your soldiers shrinks from duty, and deserts his country's cause for fear of losing his life, he is called a coward, and he is ignominiously dismissed from his company, or shot in its presence. By what fitting term, then, shall we designate him who deserts his country in its greatest need, for fear of losing his money ? By what penalties should he be visited ?

Money and men alone do not constitute the wealth of a nation. The genius, the generosity, the courage, the intellect, and the patriotism of the people are all national resources. In an emergency like this, the Government should not draw upon one fund alone, but every fund should respond alike. Surely avarice and cowardice should not alone be exempt from the common burdens."

Mr. FESSENDEN moved to amend the bill so that the six per cent. bonds should be "*redeemable in five years, and payable twenty years from date.*"

MR. CHANDLER'S SPEECH.

Mr. CHANDLER, of Michigan, spoke on the amendment to make the bonds *redeemable in five years.*

Mr. CHANDLER—" I am in favor of the amendment of the Senator from Maine, for the reason that I believe we need not borrow money at long dates at a high rate of interest. Still, I object to the Senator's hypothesis that this war may last one or two years. There has not been a day since the 1st day of November, when we could not have closed the war in sixty days, with our forces then in the field, and from this day forth we can close the war in sixty days, by an advance of our armies ; and I believe that the time has now arrived when we will advance our armies, and when the war will *be brought to a close within sixty days from this date.* I am therefore, in favor of restricting the bonds, and giving the Secretary of the Treasury the right to redeem them within five years, and I would even make the time shorter than that, and say "within three years." The time has arrived when this rebellion is within our grasp. The time has arrived when the order, "forward," will close this rebellion. The obstacles are small. The objects are great. We can remove the only obstacle that stands in our way, and we can close this rebellion before the 1st day of May next, and I believe, I believe solemnly, that we shall do it. We have but one obstacle, and that obstacle is so small that we can remove it to-morrow, if Congress, if the Senate say so. *It is a very small obstacle, yet it has stood in our way for four months.*

I hope that the amendment of the Senator from Maine will prevail ; and I would prefer to reduce the time which he has fixed, from five years to three years. I would not pay seven per cent., nor even six per cent., more than three years. Our five per cent. bonds will be worth more than par in three years from this date. I know that the money market is the touchstone of the national credit ; but I know, at the same time, that the United States five per cent. would be worth more than par to-day, if the country and Congress knew our present position. *One obstacle stands in our way, and that is a very small one.*

I hope the amendment will prevail, and that we shall reduce the time at least to five years. I should prefer its reduction to three years. This war is nearly ended. A single order, "forward," to-morrow, and we have the man to give the order in the Secretary of War, and the war is ended."

The amendment was agreed to.

On the 13th inst. Mr. Collamer moved to strike out the *legal tender clause* in the bill, and on this motion Mr. Wilson obtained the floor.

MR. WILSON'S SPEECH.

Mr. WILSON, of Massachusetts, spoke as follows :

" Mr. PRESIDENT—This proposition is a very simple and plain one, and certainly very easy of comprehension ; but, it seems to me, the fate of the measure itself is involved in the decision. If the amendment proposed by the Senator from Vermont is accepted, I shall

vote against the whole bill under any and all circumstances, for I conceive that it would be unjust to issue a currency of \$150,00,000 of Government paper, and impose it upon all persons in the employ of the Government, upon our soldiers in the field, and upon those who have made contracts to supply the armies of the Republic, and to do nothing to protect the credit of that currency when in their hands, imposed upon them by our necessities. I should consider such a measure as that unjust, wickedly unjust ; and I could not, and I would not, under any circumstances, be guilty of giving a vote of that character. If that amendment should be adopted, I hope every Senator in favor of the legal tender clause will vote against the bill and defeat it if possible. I think we owe it to the character of the Senate, and the character of the country.

Passing by the question of constitutional powers, and coming to it simply as a practical question, it is a contest between brokers, and jobbers, and money-changers on the one side, and the people of the United States on the other. I venture to express the opinion that ninety-nine of every hundred of the loyal people of the United States are for this legal tender clause. I do not believe that there are one thousand persons in the State I represent who are not in favor of it. The entire business community, with hardly a solitary exception, men who have trusted out of the country in commercial transactions their tens and hundreds of millions, are for the bill with this legal tender clause. Yes, sir, the people in sentiment approach unanimity upon the question. What is true of Massachusetts is, in my judgment, true to a considerable extent of New England, and true to some extent of the Central States and the West. I believe that no measure that can be passed by the Congress of the United States, unless it be a bill to raise revenue to support the credit of the Government, will be received with so much joy as the passage of this bill with the legal tender clause. On that question I entertain no shadow of doubt. If you pass this bill with the legal tender, the legal tender cannot injuriously affect the credit of this currency you propose to circulate. No harm can certainly come of it. It seems to me, sir, the argument made by the Senator from Vermont, and the Senator from Maine, is an argument against issuing these notes as a currency at all. The legitimate inferences from their arguments are against this proposition for \$150,000,000 of demand Treasury notes. I have received several letters from my own State in favor of the bill—persons representing millions, in favor of the legal tender clause. The intelligence I obtain from all portions of the country is to the same effect. I shall, therefore, vote against striking out that clause. If it is retained, I shall vote for the bill ; if it is stricken out, I shall give my vote against putting upon the people, upon the soldiers of the country, \$150,000,000 of demand notes, and doing nothing to protect those upon whom we impose this Government paper.”

#### MR. SHERMAN'S SPEECH.

Mr. SHERMAN, of Ohio, made an elaborate speech in favor of the bill, and in opposition to the motion of Mr. Collamer to strike out the legal tender clause.

“ The motion of the Senator from Vermont now for the first time presents to the Senate the only question upon which the members of the Committee of Finance had any material difference of opinion, and that is, whether the notes provided for in this bill shall be made a legal tender in payment of public and private debts ? Upon this point I will commence the argument where the Senator from Maine left it.

In the first place, I will say, every organ of financial opinion—if that is a correct expression—in this country agrees that there is such a necessity, in case we authorize the issue of demand notes. You commence with the Secretary of the Treasury, who has given this subject the most ample consideration. He declares not only in his official communications here, but in his private intercourses with the members of the Committee, that this clause is indispensably necessary to the security and negotiability of these demand notes. We all know from his antecedents, from his peculiar opinions, that he would be probably the last man among the leading politicians of our country to yield to the necessity of substituting paper money for coin. He has examined this question in all its length and breadth. He is in a position where he feels the necessity. He is a statesman of admitted ability, and distinguished in his high position. He informs us that without this clause, to attempt to circulate as money the proposed amount of demand notes of the United States, will prove a fatal experiment.

In addition to his opinion, we have the concurring opinion of the Chamber of Commerce of the city of New York. With almost entire unanimity they have passed a resolution on the subject, after full debate and consideration. That resolution has been read by your Secretary. You have also the opinion of the Committee of Public Safety of the city of New York, composed of distinguished gentlemen, nearly all of whom are good financiers, who agree fully in the same opinion. I may say the same in regard to the Chambers of Commerce of the city of Boston, of the city of Philadelphia, and of almost every recognized organ of financial opinion in this country. They have said to us in the most solemn form, that this measure was indispensably necessary to maintain the credit of the Government, and to keep these notes anywhere near par. In addition, we have the deliberate judgment and vote of the House of Representatives. After a full debate, in which the constitutionality, expediency and necessity of this measure were discussed, in which all the objections that have been made here, and many more, were urged, the House of Representatives, by a large vote, declared that it was necessary to issue demand notes, and that this clause was indispensable to their negotiation and credit.”

He continued his argument at length :

“ A hard necessity presses the Government. \$100,000,000 is now due the army, and \$250,000,000 more up to July first. The Banks of New York, Boston and Philadelphia, have exhausted their capitals in making loans to the Government. They have already tied up their capital in your bonds. Among others, the cashier of the Bank of Commerce, (Mr. Vail,) the largest bank corporation in the United States, and one that has done much to sustain the Government, appeared before the Finance Committee, and stated explicitly, that the Bank of Commerce, as well as other banks of New York, could no further aid the Government, unless your proposed currency was stamped by, and invested with the attributes of lawful money, which they could pay to others as well as receive themselves. Bonds cannot be sold except at a great sacrifice, because there is no money to buy them. As soon as the banks suspended, gold and silver ceased to circulate as money. *You cannot sell, your bonds for gold and silver, which is the only money that can now be received under the Sub-Treasury law.* This currency made a legal tender was necessary to aid in making further loans. He argued that the bill was constitutional. The Senator from Vermont has read extracts from the debates in the national convention, and from Story’s Commentaries, tending to show that Congress cannot authorize the issue of bills of credit.

But I submit to him that this question has been settled by the practice of the Government. We issued such bills during the war of 1812, during the war with Mexico, and at the recent session of Congress. We receive them now for our services ; we pay them to our soldiers and our creditors. These notes are payable to bearer ; they pass from hand to hand as currency ; they bear no interest. If the argument of that Senator is true, then all these notes are unauthorized. The Senator admits that when we owe a debt and cannot pay it, we can issue a note. But where does he find the power to issue a note in the Constitution ? Where does he find the power to prescribe the terms of the note, to make it transferable, receivable for public dues ? He draws all these powers as incidents to the power to borrow money. According to his argument, when we pay a soldier a ten dollar demand bill, we borrow ten dollars from the soldier ; when I apply to the Secretary of the Senate for a month's pay, I loan the United States \$250. This certainly is not the view we take of it when we receive the money. On the other hand, we recognize the fact that the Government cannot pay us in gold. We receive notes as money. The Government ought to give, and has the power to give, to that money, all the sanction, authority, value, necessary and proper, to enable it to borrow money. The power to fix the standard of money, to regulate the medium of exchanges, must necessarily go with, and be incident to, the power to regulate commerce, to borrow money, to coin money, to maintain armies and navies. All these high powers are expressly prohibited to the States, and also the incidental power to emit bills of credit, and to make anything but gold and silver a legal tender. *But Congress is expressly invested with all these high powers, and to remove all doubt, is expressly authorized to use all necessary and proper means to carry these powers into effect.*

If you strike out the tender clause you do so with a knowledge that these notes will fall dead upon the money market of the world. When you issue demand notes, and announce to the world your purpose not to pay any more gold and silver, you then tender to those who have furnished you provisions and services this paper money. What can they do ? They cannot pay their debts with it ; they cannot support their families with it, without a depreciation. The whole then depends on the promise of the Government to pay at some time not fixed on the note. Justice to our creditors demands that it should be a legal tender ; it will then circulate all over this country, it will be the life blood of the whole business of the country, and it will enable capitalists to buy your bonds. The only objection to the measure is that too much may be issued. He did not believe the issue of \$150,000,000 would do any harm. It is only a mere temporary expedient, and ought not to be repeated.”

He closed as follows :

“ I have thus, Mr. President, endeavored to reply to the constitutional argument of the Senator from Vermont. Our arguments must be submitted finally to the arbitration of the courts of the United States. When I feel so strongly the necessity of this measure, I am constrained to assume the power, and refer our authority to exercise it to the courts. I have shown, in reply to the argument of the Senator from Maine, that we must no longer hesitate as to the necessity of this measure. That necessity does exist, and now presses upon us. I rest my vote upon the proposition that this is a necessary and proper measure to furnish a currency—a medium of exchange—to enable the Government to borrow money, to maintain an army and support a navy. Believing this, I find ample authority to authorize my vote. We have been taught by recent fearful experience that delay and doubt

in this time of revolutionary activity are stagnation and death. I have sworn to raise and support your armies ; to provide for and maintain your navy ; to borrow money ; to uphold your Government against all enemies, at home and abroad. That oath is sacred. As a member of this body, I am armed with high powers for a holy purpose, and I am authorized—nay, required—to vote for all laws necessary and proper for executing these high powers, and to accomplish that purpose. This is not the time when I would limit these powers. Rather than yield to revolutionary force, I would use revolutionary force. Here it is not necessary, for the framers of the Constitution did not assume to foresee all the means that might be necessary to maintain the delegated powers of the national Government. Regarding this great measure as a necessary and proper one, and within our power to enact, I see plain before me the path of duty, and one that is easy to tread.”

#### MR. COWAN'S SPEECH.

Mr. COWAN, of Pennsylvania, made a lengthy speech in favor of the amendment to strike out the legal tender clause in the bill, on the ground that Congress had no power to make anything but gold and silver a tender in payment of private debts.

“ He argued at length that Congress had no power to ‘emit bills of credit, make anything but gold and silver coin a tender in payment of debts, or pass any law impairing the obligation of contracts.’ They are powers which belong neither to the United States nor to the States, *and they ought to belong to no Government anywhere*. He had supposed that this question could never enter the American Senate ; that the day had gone by when it was open to discussion, if it ever was open since the Constitution was formed. Surely, if anything in the world is settled—settled by the fathers, by cotemporary history, painful experience, and the total absence of all precedent for the exercise of these powers—it is that they were not delegated, nor intended to be delegated. The exercise of such a power would be subversive of all our notions of Government, and the ends for which it is established, which are, the protection and preservation of society. The life and soul of society is the faith man has in his fellow-man ; that he will speak truth, deal justly, and perform his engagements and maintain his credit. Will it strengthen this credit ? It proposes that in all money contracts *notes* shall be taken as *money*, the same as gold and silver ; all men who have money due them will be obliged to receive these notes as money at par ; they are made a legal tender on all debts. The power claimed for the Government subverts the Government itself, and makes it destroy that which it was intended to protect and preserve. It is abhorrent of reason, justice and all notions of right. He thought that the legal tender clause would not give the notes credit, but would be injurious to them. It would disturb the relations between debtor and creditor, and impair all the contracts of the people, more or less, all over the country.”

He concluded as follows :

“ I am willing to yield to the better judgment of the administration in all matters of policy or expediency, but I am still my own conscience keeper, and in all questions of *power* under the Constitution I must judge for myself, and act accordingly. That Constitution is

the charter of our liberties, and the covenant for the Union which we are all so anxious to preserve and defend. I will stand upon it to the last, despite every necessity, however imperious ; and if the time comes when we must all go down together, I say let it come ; but let us go down as honest men, with our faith unviolated ; and in that spirit, I hope the amendment to the bill may prevail.”

#### MR. DOOLITTLE'S SPEECH.

Mr. DOOLITTLE, of Wisconsin, regretted that this bill must be acted upon before the tax bill was matured.

“ If we had a sufficient tax law to sustain the credit of the Government, he would vote to strike out the legal tender clause. He was assured that this bill must pass immediately, or the Government could not go on. As an original proposition, he did not believe in paper money, but it had become engrafted on our system. He thought the framers of the Constitution intended nothing but hard money, coined gold and silver. Had their intentions been carried out ; had we always held fast to the Constitutional currency ; had not paper money, under both State and Federal authority, become the actual currency of our people ; had we to-day no other currency but gold and silver, I would not tolerate the idea of passing this bill for a single moment. But, such is not our condition ; we are in the midst of a gigantic war ; we can not go back ; we must go forward ; we must go through ; we must start from where we are, and not from where we would be ; we must behold the real necessities of our position as it is, and not as we would have it, and look those necessities squarely in the face.

The truth is, while in theory the only money of our people is gold and silver, the fact is otherwise. It is almost exclusively of paper. Aye, sir, at this moment it is the irredeemable paper of suspended bank corporations. Most unfortunately, paper money does now exist, and has existed so many years in this country, issued under the sanction of State authorities in violation, as I admit, of the spirit and intentions of those who framed the Constitution, that a man must be blind, indeed, who would not now, in time of war, in a measure of practical legislation, recognize the stubborn fact that these banking corporations, created by the States, so long acquiesced in by this Government, have become great and powerful institutions, and have practically displaced the currency of the Constitution, by substituting in its stead their own paper money. At all times it is much the greater part of our circulating medium, and when, in times of panic and disaster, comes suspension of specie payments, it becomes our only currency. Such is our condition now. What shall we do now ? We must have deeds, not words ; facts, not theories. We cannot sell our bonds abroad. The paper money issued by banking corporations is all, or nearly all, the money our own people have. Shall we sell our bonds for the paper money of suspended banks ? No, sir ; no man will advocate that.

The only alternative is to issue these Treasury notes, which will go into the circulation of the country as a part of its currency. If, as I have said, the question now were whether we should begin to build up a paper currency in this country, or hold fast to the currency of the Constitution, I would oppose this measure. But we cut our moorings from the solid ground long, long ago. We have been embarked upon a sea of paper money for years. We have suffered periodically financial crashes and revulsions, tossed upon its uncertain

waves, blown up and down by the breath of speculation. We are still at sea, and in the beginning of a terrific financial storm, and the question is whether we shall seize the rudder and direct the ship, or suffer it to go without direction, to founder and make shipwreck of all public and private securities and values, to become the prey and spoils of wreckers along the shore. The simple question which presses upon us in this extremity is, whether we shall rule this currency, created by these corporations, in violation, in my opinion, of the original intention of the Constitution of the United States, or whether they shall rule us.

For their good, for the security of all, as well as for its own safety, this Government must assert its Constitutional authority over the currency of the country, in some practicable way, and it seems to me that the mode proposed in this bill is the simplest and most direct in the present exigencies, as a temporary measure, until the great measure of finance, the tax bill, can be perfected and set in operation.”

#### MR. SIMMONS' SPEECH.

**Mr. Simmons, of Rhode Island, opposed the legal tender clause in this bill.**

“ He did not see its necessity, nor the Constitutional power for passing it. He thought the Constitutional objection about as difficult a matter to get over as anything could well be. He thought that if the legal tender clause was stricken out, the notes would not be bills of credit, but mere evidences of debt. In contemplation of the Constitution, the old fashioned bills of credit were promises to pay, with a State law enforcing their passage against the will of those who were to take them. These were the national bills of credit, which were made a tender by State laws under the old Confederation. He thought it better to make our securities desirable by increasing the rate of interest, as high even as eight per cent. He intended to move an amendment at the proper time, to increase the interest to eight per cent. on notes and bonds payable in two years.”

#### MR. BAYARD'S SPEECH.

**Mr. Bayard, of Delaware, opposed the legal tender clause, because it is unconstitutional, impolitic and inexpedient.**

“ He concurred in the argument of the Senator from Vermont, who has moved to strike out the legal tender clause in the bill. The first article of the Constitution, in its first section, provides that ‘all legislative powers herein granted shall be vested in a Congress of the United States’—not an indefinite delegation of all powers of legislation, as is the case in our State Constitutions, where the legislative power of the community is vested in a Senate and House of Representatives ; but here in this Constitution of specially delegated powers, ‘all legislative powers herein granted shall be vested in a Congress,’ and none other. When you come to the other clause, which specifies these powers, you find but a solitary provision which has any relation to the power to make money. The power to borrow is a distinct thing ; but the power to make money, is ‘ to coin money, regulate the value thereof, and of foreign coin, and fix the standard of weights and measures.’ I have

supposed that the power being designated in that form, and Congress having a right to exercise only the power granted, under no species of interpretation could you hold that a power to coin money implied, or could be extended to a power, to make your own paper, your promise to pay money, for the purpose of discharging debts between individuals, or as against yourself.

In judgment, therefore, apart from the constitutional objection, which alone would be sufficient to control my vote, upon the ground that you have no power to insert this clause in any law, I cannot vote for a bill which embodies it. It is impolitic and inexpedient, as well as unconstitutional. It is a mere temporary expedient. It may give present inflation and present relief for the hour, and a very brief hour indeed, but it will be followed by a weakening of the resources of the Government, a depreciation of its credit, and it will produce nothing but disaster and ruin to the country.”

#### SPEECH OF MR. WILLEY.

Mr. WILLEY, of Virginia, spoke as follows :

“ I do not rise, Mr. President, certainly not at the present time, for the purpose of making a speech, but I wish to place upon record the reason why I shall give the vote which I feel compelled to give on the present occasion. If this were a question merely of expediency, I would most readily defer my judgment to that of other gentlemen better capable of forming a correct estimate. But, sir, consulting my own opinion, I should say that the legal tender clause of this bill will have the contrary effect upon the currency and credit of the Treasury notes from that which some gentlemen seem to suppose. I believe it will depreciate their credit, and I fear it will depreciate the character of our Government and our country in the estimation of all honest and well-meaning nations abroad. But, sir, believing, as I sincerely do, that this clause is unconstitutional, I can not vote to retain it in the bill. I have felt the appeal of my honorable friend from Ohio—the plea of necessity. Sir, that is a dangerous plea, and it found its origin in a dangerous quarter. It is said that the plea of necessity is the plea of tyrants. I nevertheless recognize the fact that there are occasions in the history of a nation when the old maxim *salus populi suprema lex*, may apply ; but it is my opinion that the exigencies of the country do not, at this time, warrant the application of that maxim ; and I should be sorry if, in prosecuting this holy war to put down an infamous rebellion, to restore and maintain the Constitution, we are ourselves, in the very act of doing so, guilty of a most palpable violation of that instrument.”

#### SPEECH OF MR. HOWARD.

Mr. HOWARD, of Michigan, said :

“ I do not rise, Mr. President, at this late period of the discussion, to detain the Senate longer than a minute or two. When this measure was first proposed, and after I had given it merely a perusal, I came, or thought I came, to the same conclusion at which the gentleman from Virginia seems to have arrived, and was rather disposed to think that there was no authority in the Constitution to warrant such an enactment as this, which

constitutes the Treasury notes a legal tender in the payment of private debts. The thing was so anomalous, so unusual to me, that I could scarcely entertain the idea, and I confess that my mind struggled strongly against it. But after a little reflection, and giving the question of constitutional power such examination as I have been able to give it, I have arrived at the conclusion that Congress has the constitutional power, particularly under the clause authorizing them to borrow money, to declare this species of paper a legal tender in the payment of debts between individuals.

It is undoubtedly a hard necessity to which we are driven ; but the necessity of the case I submit, has nothing to do with the naked question of authority, under the Constitution. If I were convinced that we had no authority, under the Constitution, to enact such a clause as this, I should not feel at liberty to vote in favor of it, and should certainly vote to strike it out ; but such is not my conviction. I believe that we have the authority ; and still, while I say this, I must say at the same time, that I think several gentlemen who are friends of this bill, have placed too high an estimate upon this particular clause in the bill. I doubt very much whether it will add greatly to the currency and credit of the paper itself. They think it will, and I am certainly disposed to give it a trial.

We have, under the Constitution, the power to borrow money. This no one disputes. If we have the power to borrow money, we have the right ; and it is our duty to place in the hand of the lender, an evidence of the fact that we have so borrowed it, and further, that we intend to pay what we have borrowed. These two things are manifestly, in their very nature, inseparable ; and the only real question, it seems to me, which addresses itself to the Senate is this : whether we have any power, after having issued this description of paper to the public creditors, in payment of their debts, to protect the credit of the United States, expressed upon the face of the paper, while it is in the hands of innocent and honest holders ? I think we have. I think this is one of the most obvious means of extending protection to the public credit thus expressed upon the paper. If we have it not ; if we cannot subject, so to speak, the entire property of the nation, to something like an assistance to the public credit, then this power to borrow money at once ceases to be a power of any value, and it is a mere mockery upon the face of the Constitution. If we cannot declare that this paper shall, in commercial transactions, be of equal validity to transactions based upon gold and silver, then I say that the power to borrow money ceases, in and of itself, to be of any benefit to the Government or to the nation ; and it is because I believe that we have this power, thus to protect the public credit, expressed and pledged on the face of a Treasury note, that I shall vote to retain this clause in the bill. I think we have the constitutional power, and I am willing to use it on this occasion.”

#### Mr. McDOUGALL'S SPEECH.

Mr. McDOUGALL, of California, advocated the bill is a lawful and proper measure to be adopted at this time.

“ He thought this a just and reasonable war measure. Necessity, it is said, is above all law ; it is better said, ‘necessity makes its own laws.’ Our Treasury is now exhausted. Money is the first necessity of war—vigorous successful war. Delay is not to be contemplated—not to be permitted. Prompt present action is a necessity. To give efficiency, the legal tender clause should be retained—the bill ought not to be amended by

striking it out. He argued that the bill was constitutional ; that we had the right to issue these notes as money, to be used as a currency for the country in the present exigency. He was not able to maintain against it any good constitutional objection, and did not see in it any special injustice. We are at war ; this is a war measure ; we must take war responsibilities. This measure can ruin no one, destroy no one, and we are advised upon the highest authority that it is needed for the maintainance of the Republic. I believe the law constitutional, just and necessary. I hope to see it passed, and when passed, I shall hope on.”

#### Mr. SUMNER'S SPEECH.

Mr. Sumner, of Massachusetts, made a lengthy speech in favor of the constitutionality and expediency of the legal tender clause, and said he would confine his remarks to this feature of the present bill.

“ In the present exigency, money must be had ; and we are told that the credit of the Government can be saved only by an act that seems like a forfeiture of credit. Paper promises to pay are to be made a legal tender like gold and silver, and this provision is to be ingrafted on the present bill authorizing the issue of Treasury notes to the amount of \$150,000,000. It seemed to him that the power of Congress to make Treasury notes a legal tender was settled as long ago as when it was settled that Congress might authorize the issue of Treasury notes ; for from time immemorial the two have gone together ; one is the incident to the other, and, unless expressly severed, they naturally go together. It is true, that in the Constitution there are no words expressly giving to Congress the power to make Treasury notes a legal tender ; but there are no words expressly giving to Congress the power to issue Treasury notes. If we consult the text of the Constitution, we shall find it as silent with regard to one as with regard to the other. But, on the other hand, the States are expressly prohibited to ‘emit bills of credit, to make anything but gold and silver coin a tender in payment of debts.’ Treasury notes are ‘ bills of credit,’ and this prohibition is imperative on the States. But the inference is just that this prohibition, expressly addressed to the States, was not intended to embrace Congress indirectly, as it obviously does not embrace it directly. The presence of the prohibition, however, shows that the subject was in the minds of the framers of the Constitution. If they failed to extend it still further, it is reasonable to conclude that they left the whole subject in all its bearings to the sound discretion of Congress, under the ample powers intrusted to it. The stress that is so constantly put upon the prohibitions addressed to the States will justify me in introducing the opinion of Mr. Justice Story in his Commentaries : ‘ It is manifest that all these prohibitory clauses as to coining money, emitting bills of credit, and tendering anything but gold and silver in payment of debts, are founded upon the same general considerations. *The police is to provide a fixed and uniform rule throughout the United States, by which commercial and other dealings of the citizens, as well as the moneyed transactions of the Government, might be adjusted.*’-(2 *Story's Com., Sec. 1372.*) If this view be correct, then no inference adverse to the powers of the national Government can be drawn from these prohibitory clauses ; for whatever may be the policy of the national Government, it will be a fixed and uniform rule throughout the United States. From the proceedings of the Federal Convention it appears that a proposition empowering

Congress 'to emit bills of credit' was negated, after discussion, in which Mr. Madison said : 'will it not be sufficient to prohibit the making them a tender ? This will remove the temptation to emit them with unjust views.' And in a note to the debate, this same great authority says that he 'became satisfied that the striking out the words would not disable the Government from the use of public notes, as far as they could be safe and proper, and would only cut off the pretense for a *paper currency*, and particularly for making bills a *tender*, either for public or private debts.' Then it appears that the suggestion was made to prohibit the making of bills a tender ; but this suggestion was not acted on, and no such prohibition was ever moved. It is evident that the Convention was not prepared for a measure so positive. Less still was it prepared for the prohibition to emit bills. Such is the record. While all words expressly authorizing bills were struck out, nothing was introduced in restraint of the powers of Congress on this subject. Indeed, Mr. Madison declares his own personal belief, that the striking out of the power 'to emit bills of credit,' would not disable the Government from the issue of public notes, so far as they could be safe and proper, but would *only cut off the pretext* for a paper currency. It would seem from this language, in so careful a writer, that he imagined the whole subject was left substantially to the sound discretion of Congress. Indeed, the inference from his report and comment, is identical with the inference from the text of the Constitution itself. (See *Madison's Papers*, vol. 3, p. 1343.)

But in conceding that Congress might issue 'public notes, as far as they could be proper,' in other words, 'bills of credit,' the whole question was practically settled ; and the usage of the Government has been in harmony with this settlement. Treasury notes were issued during the war of 1812, also during the war with Mexico, and constantly since, so that the power to issue them cannot be drawn into doubt. If there was any doubt originally, an unquestioned practice, sanctioned by successive Congresses, has completely removed it. I do not stop to consider whether the power is derived primarily from the power 'to borrow money,' or the power 'to regulate commerce,' or from the unenumerated powers. It is sufficient that the power exists. But it is difficult to escape the conclusion, that if Congress is empowered to issue Treasury notes, it may affix to these notes such character as shall seem just and proper, declaring the conditions of their circulation and the dues for which they shall be received. Grant the first power and the rest must follow. Careful you will be in the exercise of this power, but if you choose to take the responsibility, I do not see what check can be found in the Constitution.

It appears that the phrase 'bills of credit,' was familiarly used for bank notes as early as 1683, in England, and also as early as 1714, in New England. But the first issue in America was in 1690, by the Colony of Massachusetts, and the occasion, identical with the present, was to pay soldiers returning unexpectedly from an unsuccessful expedition against Canada.

Mr. Sumner went into a brief history of the issue of bills of credit—paper money—in the States of Massachusetts, Rhode Island, Connecticut, Virginia and North Carolina, which led to the passage of an act by the Imperial Parliament, (24 *George II*, Sec. 2, *Chap.* 53,) 1751, which expressly forbade the issue of any paper bills, or bills of credit, except for certain specific purposes, or upon certain specified emergencies ; and declaring that such paper money should not be a legal tender for private debts. Continental paper money was issued during the Revolutionary war, not made a legal tender by Congress, although the States were recommended to make them such. He argued at great length the power of Congress to issue Treasury notes and make them a legal tender ; and that it was purposely left by the framers of the Constitution to the sound discretion of Congress, in great

emergencies, to decide whether it was necessary to exercise the power or not.”

He closed as follows :

“ But, while recognizing the existence of the discretion, in the last resort, under the law of necessity, the question still remains if this necessity now exists ? And now, as I close, I shall not cease to be frank. Is it necessary to incur all the unquestionable evils of inconvertible paper, forced into circulation by act of Congress—to suffer the stain upon our national faith—to bear the stigma of a seeming repudiation—to lose for the present that credit which, in itself, is a treasury—and to teach debtors everywhere that contracts may be varied at the will of the stronger ? Surely, there is much in these inquiries which may make us pause. If our country were poor or feeble, without population and without resources ; if it were already drained by a long war ; if the enemy had succeeded in depriving us of the means of livelihood, then we should not even pause. But our country is rich and powerful, with a numerous population, busy, honest, and determined, and with unparalleled resources of all kinds, agricultural, mineral, industrial and commercial ; it is yet undrained by the war in which we are engaged ; nor has the enemy succeeded in depriving us of any of the means of livelihood. It is hard—very hard—to think that such a country, so powerful, so rich, and so beloved, should be compelled to adopt a policy of even questionable propriety. If I mention these things—if I make these inquiries—it is because of the unfeigned solicitude which I feel with regard to this measure, and not with the view of arguing against the exercise of a constitutional power, when, in the opinion of the Government, in which I place trust, the necessity for its exercise has arrived. Surely, we must all be against paper money—we must all insist upon maintaining the integrity of the Government—and *we must all set our faces against any proposition like the present, except as a temporary expedient, rendered imperative by the exigency of the hour.* If I vote for this proposition it will be only because I am unwilling to refuse to the Government, especially charged with this responsibility, that confidence which is hardly less important to the public interests than the money itself. Others may doubt if the exigency is sufficiently imperative ; but the Secretary of the Treasury, whose duty it is to understand the occasion, does not doubt. In his opinion the war requires this sacrifice. Uncontrollable passions have been let loose to overturn tranquil conditions of peace. Meanwhile your soldiers in the field must be paid and fed. Here, then, can be no failure or postponement. A remedy which, at another moment you would reject, is now proposed. Whatever may be the national resources, they are not now within reach, except by summary process. Reluctantly, painfully, I consent that the process should issue. And yet I cannot give such a vote without warning the Government against the dangers from such an experiment. The medicine of the Constitution must not become its daily bread. Nor can I disguise the conviction that better than any legal tender will be vigorous, earnest efforts for the suppression of the rebellion, and for the establishment of the Constitution in its true principles over the territory which the rebellion has usurped.”

The question was then taken by yeas and nays on the motion of Mr. Collamer to strike out the legal tender clause in the bill, and resulted as follows :

Yeas—Messrs. Anthony, Bayard, Collamer, Cotivan, Fessenden, Foot, Foster, Kennedy, King, Latham, Nesmith, Pearce, Powell, Salisbury, SinInloUs, Thompson and Willey—17.

Nays—Messrs. Chandler, Clark, Davis, Dixon, Doolittle, Harlan, Harris, Henderson, Howard, Howe,

Lane (of Indiana), McDougall, Morrill, Pomeroy, Rice, Sherman, Summer, Ten Eyck, Wale, Wilkinson, Wilson (of Mass.) and Wilson (of Mo.)—22.

So the motion to strike out the legal tender clause was not agreed to.

On Mr. Simmons' motion to pay eight per cent. interest on two years' notes or bonds, the amendment was agreed to—ayes 20, noes 16.

The other amendments proposed by the Finance Committee were agreed to substantially as reported by the Committee.

Mr. DOOLITTLE moved to limit the legal tender clause to debts *hereafter* contracted, but the amendment was not adopted.

MR. KING'S SPEECH.

Mr. KING, of New York, spoke as follows :

“ My opinion is so decided against this measure, which, it is evident, has the favor of a large majority of the Senate, that I must vote against it ; but I deem it due to myself to offer a substitute for the first section. I propose to strike out the first section of the bill, which relates to Treasury notes and the tender, and to insert what I send to the chair in three sections. The second and subsequent sections of the bill, providing for bonds and making other provisions, I do not propose to interfere with.

\* \* \* \* \*

The change which this amendment proposes, is to strike out the tender clause, to make the demand notes, which are issued without interest, five year notes, bearing an interest of seven and three-tenths per cent. per annum, receivable for all Government dues, or exchangeable for long bonds at six per cent., interest payable semi-annually, at the option of the holder, and providing by tax a sufficient sum, which is pledged to the redemption of these notes, and ultimately to pay them, principal and interest ; which I think is a provision that ought to accompany any measure providing for borrowing money, either by notes or bonds.”

The amendment was not agreed to.

MR. PEARCE'S SPEECH.

Mr. Pearce, of Maryland, opposed the legal tender clause in the bill.

“ Ours is a Government of limited and granted powers. We can exercise no authority which Congress has not, by reason of the grant of some express power, or some power necessarily implied from that which is granted. If there be a power necessary and proper to carry into execution any of the granted powers, we possess it under the general clause of the Constitution in reference to that subject. The power to make a legal tender is not granted expressly in the Constitution, nor, as I think, by any implication from any of the granted powers. It is true there is a qualified power of making a legal tender to be found in the clause which authorizes us to coin money, and to regulate the value thereof, because there can be no purpose in regulating the value of the money we are authorized to coin,

except to make it a legal tender. When we establish the value of gold and silver coin, which we have the express authority to do, we of course have the implied authority to declare that its value thus fixed by law, shall be the measure of value in all contracts, and to make it a legal tender. There is no other purpose for giving us the authority to regulate the value of the money which we are authorized to coin ; and, accordingly, Congress has declared silver coins to be a legal tender. I do not know whether that provision is in the law regulating the value of the gold coins. I suppose, however, that it must be so. I know that when we passed the act by which we apportioned the silver and the alloy in our silver coins, we did declare that coinage to be a legal tender for sums under five dollars. Even, however, if that were not so, it would follow necessarily, it being provided in the Constitution expressly that gold and silver may be coined by authority of Congress, and their value regulated by law, that they must necessarily be a legal tender. It is so according to the custom of all civilized nations, and so the convention that framed the Constitution assumed it to be. But I can see no power from which we can infer authority in this Government to make paper money a legal tender. It clearly cannot be inferred from the power to coin money, which is to be made of metal. I do not see how it is to be inferred, as I think one Senator derived it, from the power to borrow money, since, to make paper money cannot be necessary to the execution of the power to borrow money. As well could we infer a general authority to lend money or to deal in brokerage.

Mr. President, the exigencies of the country are very great ; I admit my obligation to cooperate with gentlemen here in furnishing the Government with the means of carrying on all its operations ; but when a constitutional objection is presented to me, the very allegiance which I owe to the Constitution, and therefore to the Union, compels me not to violate any one of its provisions, as I think I shall do if I vote for this bill. I must, therefore, cast my vote against it.”

Mr. SAULSBURY, of Delaware—“ It was my desire and intention to vote for this bill, provided the provision making these notes a legal tender had been stricken out. That provision has been retained in the bill. It is so clearly unconstitutional, in my opinion, that I cannot conscientiously vote for it. I cannot attempt at this late hour to assign the reasons for my opinion. The speech of the Senator of Vermont has not been answered, and it is not in the power of man to answer it.”

Mr. POWELL, of Kentucky—“ It is not my purpose to make a speech. It would afford me pleasure to vote for any measure I thought constitutional to relieve the country from its present embarrassment ; but believing that this bill is unconstitutional, I cannot vote for it. I had intended, if time permitted—but the hour is too late now—to give briefly, my reasons for the vote I shall give ; but after the very exhaustive speech made by the Senator from Vermont yesterday, it would be unnecessary, particularly after the excellent speech made by the Senator from Pennsylvania to-day, and the brief but very pointed speech of the Senator from Maryland, who has just taken his seat.

In my judgment this bill is plainly and palpably violative of the Constitution of the United States, and I do not believe that issues of paper money, unless they are convertible into coin at the pleasure of the holder, ever did, or ever will, relieve any country permanently from any embarrassment. I think all such issues of irredeemable paper lead the country into further and greater embarrassments, instead of relieving it ; and I very much fear that those who expect great benefits to the country from this bill will be greatly disappointed. I shall not detain the Senate by speaking.”

## PASSAGE OF THE BILL.

THE PRESIDING OFFICER—"The question is on the passage of the bill."

Mr. HOWARD—" I call for the yeas and nays."

The yeas and nays were ordered.

Mr. LATHAM, of California—" I merely desire to say, in order that I may appear right upon the record, that I have entertained very grave doubts during this discussion as to the constitutionality of the legal tender issue, and entertaining those doubts, I cast my vote against that clause when it was under consideration. The majority of this body having now, however, indicated their desire that it should be in the bill. I cannot, consistently with my sense of duty, withhold my vote from the bill. I shall therefore vote for it."

Mr. ANTHONY, of Rhode Island—" I voted against the vital clause of this bill making the paper issued by the Government a legal tender, but having no project of my own to present to the Senate, I shall not take the responsibility of voting against the only measure which is proposed by the Government, and which has passed the House of Representatives, and received the sanction of a majority of this body."

The question being taken by yeas and nays, resulted—yeas 30, nays 7 ; as follows :

Yeas—Messrs. Anthony, Chandler, Clark, Davis, Dixon, Doolittle, Fessenden, Foot, Foster, Grimes, Hale, Harlan, Harris, Henderson, Howard, Howe, Lane (of Indiana), Latham, McDougall, Morrill, Pomeroy, Rice, Sherman, Sumner, Ten Eyck, Trumbull, Wade, Wilkinson, Wilson (of Massachusetts) and Wilson (of Missouri)—30.

Nays—Messrs. Collamer, Cowan, Kennedy, King, Pearce, Powell and Saulsbury—7.

So the bill was passed.

## AUTHORSHIP OF THE LEGAL TENDER BILL.

Letter of JAMES W. SIMONTON to *N.Y. Times*.

“ WASHINGTON, D.C., Feb. 13, 1862.

“ The passage, by the Senate, of the Treasury Note bill, including the legal tender clause, is a subject of very general congratulation among the friends of the Administration. Among the opponents of the legal tender provision were some of the ablest and firmest friends of the Administration, whose sincere desire for the most effective support of the Government cannot for a moment be justly questioned. They honestly believed the policy injudicious, and made strenuous fight in support of their theory. *But the overwhelming necessity existing for the measure is a stronger argument than anything offered against the bill, and received the decisive vote of 30 to 7.* Having made their record, the opposition yielded with excellent grace, and the Democratic opponents in both Houses confess to a sense of relief when the bill, legal tender and all, had passed. There are few members who would care to assume the responsibility which would have rested upon them in the event of the defeat of the measure, and the risk of the consequences to themselves of the financial panic that would speedily follow the admitted bankruptcy of the Government.

Now that the bill has passed, it is but just that due credit should be awarded to the

author of the legal tender scheme, the Hon. E.G. Spaulding, Member of Congress from the Buffalo (N.Y.) District. **It was Mr. Spaulding who originated the proposition to force a fixed paper currency upon the country by making Treasury notes a legal tender.** His practical knowledge and experience as a banker and financier, early disclosed to his own mind the fact, which since then has become so patent to overwhelming majorities in each House of Congress and the country, to wit : that no other scheme could possibly provide for the wants of the Government *in time* to save it from absolute financial ruin. He gave the subject unremitting study and attention, devoting to it the entire holiday season, and maturing, finally, a measure which has received the endorsement of the Administration and of Congress, and withstood the combined assaults of selfish and honest opponents alike. He has reason to be proud of the triumph he has achieved, and the country will not soon forget his services.”

#### OBJECTION TO SENATE AMENDMENTS.

The main principles of the bill seemed to be well settled by the preceding full and able discussion, and its passage by large majorities through both Houses ; and the Secretary of the Treasury in administering the Finances during the war, would find it easy to execute the two simple provisions of the bill, viz :

1. Issue these Treasury notes fitted for circulation as money, and by the legal tender provision made a forced loan from the people to the Government, without interest, which could only be justified by the imperative necessities of the Treasury, and by the fair and equitable provision,
2. That these notes might at any time, at the option of the holder, be funded in six per cent. twenty year bonds, interest payable semi-annually.

The Secretary could issue notes and pay them out for supplies and material of war, and to the Army and Navy, making money plenty, and filling all the channels of circulation, which would, as soon as it became redundant, enable him to float the six per cent. bonds, and funding would take place, thereby preventing too great an excess of this circulating medium. The Senate amendments seemed in some measure to complicate these simple provisions. Several of the amendments of the Senate were very important in regard to details and special provisions of the bill, but the most of them were verbal and unimportant. The four amendments of the Senate, to which a large number of the members of the House made the most objection, were in substance as follows :

1. Requiring payment of ‘ interest semi-annually *in coin* on bonds and 7-30 notes.’
2. Conferring on the Secretary power to sell six per cent. bonds, ‘ at the *market value* thereof for coin,’ which would reduce the price.
3. And the provision making the bonds ‘ *redeemable* in five years, and payable in twenty years from date,’ at the option of the Government, making them less valuable.
4. Temporary deposits in the Sub-Treasury at 6 per cent., which would retard funding in long bonds.

All former loan laws passed by Congress, from the organization of the Government to this time, contained only a provision to pay 'dollars.' The word *dollars* had a well known legal meaning under our coinage and legal tender laws, and it was difficult to see any good reason for changing the phraseology, and thereby make a departure from established usages at this time, especially if six per cent. bonds (which were then selling at about 88,) should, as a necessary consequence of such provision, be sold at the *market price* to raise the coin to pay this interest. *At this stage of the bill there was no provision in it, or in the Senate amendments, to collect the duties on foreign, imports in coin, so that as the bill then stood, there was no other mode of obtaining the coin except by a forced sale of bonds.* This coin provision was deemed by many members to be an unnecessary discrimination in favor of the bond-holders over other creditors of the Government equally meritorious. It was difficult to see the propriety of paying coin interest to the bondholders while the soldiers and others were paid in notes ; and besides, the terms used made the coin payment of interest applicable to the 7-30 Treasury notes and bonds issued to the banks during the previous summer.

BILL RETURNED TO THE HOUSE.

The bill and Senate's Amendments were returned to the House on the 14th inst, and on motion of Mr. Stevens, were referred to the Committee of Ways and Means. This Committee had a long discussion upon the Senate's Amendments, and were about equally divided on the most material and important of them. Some were disagreed to, others were concurred in, and some unimportant amendments to the Senate amendments were recommended. On the 18th, Mr. Stevens, from the Committee of Ways and Means, reported back the bill and amendments to the House and said :

“ I have no purpose of considering the bill at this time. I desire that it shall be referred to the Committee of the Whole, and be made the special order for to-morrow at one o'clock. I hope gentlemen of the House will read the amendments. *They are very important, and, in my judgment, very pernicious,* but I hope the House will examine them.”

The motion was agreed to.

On Wednesday, the 19th inst., the amendments of the Senate to the bill being the special order, Mr. Spaulding opened the debate in opposition to some of them, as follows :

MR. SPAULDING'S SPEECH.

Mr. CHAIRMAN—I desire especially to oppose the amendments of the Senate which require the interest on bonds and notes to be paid *in coin* semi-annually, and which authorizes the Secretary of the Treasury to sell six per cent. bonds at the market price for

coin to pay the interest.

The Treasury note bill, as reported first from the Committee of Ways and Means as a necessary war measure, was simple and perspicuous in its terms, and easily understood. It was so plain that everybody could understand that it authorized the issue of \$150,000,000 of legal tender demand notes, to circulate as a national currency among the people in all parts of the United States, and that they might, at any time, be funded in six per cent. twenty years' bonds. The passage of this measure in this house was hailed with satisfaction by the great mass of people all over the country. It received the hearty indorsement of such bodies as the Chambers of Commerce of New York, Cincinnati, St. Louis, Chicago, Buffalo, Milwaukee, and other places. I have never known any measure receive a more hearty approval from the people.

Nearly every amendment to the bill since it was matured has rendered it more complex and difficult of execution. I regret to say that some of the amendments of the Senate render the bill incongruous, and tend to defeat its great object, namely : to prevent all forcing of the Government to sell its bonds in the market to the highest bidder for coin. It might be very pleasant for the holders of the seven and three-tenths Treasury notes and six per cent. bonds, to receive their interest *in coin* semiannually, but very disastrous to the Government to be compelled to sell its bonds, at ruinous rates of discount, every six months to pay them gold and silver, while it would pay only Treasury notes to the soldier, sailor, and all other creditors of the Government.

I am opposed to all those amendments of the Senate which make unjust discriminations between the creditors of the Government. A soldier or sailor who performs service in the army or navy is a creditor of the Government. The man who sells food, clothing, and the material of war, for the use of the army and navy is a creditor of the Government. The capitalist who holds your seven and three-tenths Treasury notes, or your six per cent. coupon bonds is a creditor of the Government. All are creditors of the Government on an equal footing, *and all are equally entitled to their pay in gold and silver.*

I am opposed to all those amendments of the Senate which discriminate in favor of the holders of bonds and notes by **compelling the Government to go into the streets every six months to sell bonds at the 'market price,' to purchase gold and silver in order to pay the interest 'in coin' to the capitalists** who now hold United States stocks and Treasury notes heretofore issued, or that may hold bonds and notes hereafter to be issued ; while all other persons in the United States (including the Army and Navy and all who supply them food and clothing,) are compelled to receive legal tender Treasury notes in payment of demands due them from the Government.

Why make this discrimination ? **Who asks to have one class of creditors placed on a better footing than another class ?** Do the people of New England, the Middle States, or the people of the West and Northwest, or anywhere else in the rural districts, ask to have any such discrimination made in their favor ? Does the soldier, the farmer, the mechanic, or the merchant ask to have any such discrimination made in his favor ? No, sir ; no such unjust preference is asked for by this class of men. They ask for the legal tender note bill pure and simple. They ask for a national currency which shall be of equal value in all parts of the country. They want a currency that shall pass from hand to hand among all the people in every State, county, city, town and village in the United States. They want a currency secured by adequate taxation upon the whole property of the country, which will pay the soldier, the farmer, the mechanic, and the banker alike for all debt due. They ask that the Government shall stand upon its own responsibility, its own rights, and exert its vast powers, preserve its own credit, and carry us safely through this gigantic rebellion, in

the shortest time, and with the least possible sacrifice. *They intend to foot all the bills, and ultimately pay the whole amount, principal and interest, in gold and silver.*

**Who, then, are they that ask to have a preference given to them** over other creditors of the Government? Sir, it is a very respectable class of gentlemen, but a class of men who are very sharp in all money transactions. They are not generally among the producing classes—not among those who, by their labor and skill, make the wealth of the country; but a class of men that have *accumulated* wealth—men who are willing to lend money to the Government if you will make the security beyond all question, give them a high rate of interest, and make it payable *in coin*. Yes, sir, the men who are asking these extravagant terms, who want to be preferred creditors, are perfectly willing to lend money to the Government in her present embarrassment, if you will only make them perfectly secure, give them extra interest, and put your bonds on the market at the ‘market price,’ to purchase gold and silver to pay them interest every six months. Yes, sir, entirely willing to loan money on these terms! Safe, no hazard, secure, and the interest payable ‘in coin!’ Who would not be willing to loan money on such terms? Sir, the legal tender Treasury note bill was intended to avoid all such financiering and protect the Government and people, who pay the taxes, from all such hard bargains. It was intended as a shield in the hands of the patriotic people of the country against all forced sales of bonds, and all extravagant rates of interest.

The legal tender note bill is a great measure of equality. It proposes a currency for the people which is based upon the good faith of the people and all their taxable property. All are obliged to receive and pass it as money, *and all are obliged to submit to heavy taxation to provide for its ultimate redemption in gold or silver.* Every attempt on the part of any class of citizens to create distinctions and secure a legal preference, mars the simplicity and success of the whole plan. The very discrimination proposed carries on its face notice to everybody that although the notes are declared to be ‘lawful money and a legal tender in payment of debts,’ yet that there is something of higher value, that must be sought after at a sacrifice to the Government, to pay a peculiar class of creditors to whom it owes money—a kind of absurdity and self-stultification which does not appear well on the face of the bill. It is an unjust discrimination which does not appear well now, and will not look well in history. *You will, if the Senate’s amendment is adopted, depreciate, by your own acts, your own bonds and notes, and effectually destroy the symmetry and harmonious working of the whole plan.*

*I am in favor of having the Government pay in coin, if it can do so without too great a sacrifice; but I am unable to see any good reason for departing, in this case, from the usual practice of the Government in expressing the mode of paying the interest. All bonds and Treasury notes heretofore issued are payable generally without specifying that either the principal or the interest shall be paid in coin, and yet the legal effect is the same.* I do not see why we should now, in the present embarrassed condition of the Government, give any preference to one creditor over another, or change the form of our bonds and Treasury notes by inserting the words ‘payable in coin.’ The capitalist who holds your bonds or seven and three-tenths Treasury notes is not entitled to any preference over the soldier or the man who furnishes supplies to your Army. We should pay both in specie, if possible; but I am unwilling to tie up the hands of the Government by compelling it to pay ‘in coin,’ the interest on all the bonds and notes heretofore issued, or that may hereafter be issued. The bonds and notes heretofore issued contain no such express provision; it is not ‘so nominated in the bond’; and I am unwilling to have it inserted at this time, either as to those now outstanding or as to those that are hereafter to

be issued. Besides, if you commence in this way, by stipulating expressly to pay in coin on the bonds to be issued, it becomes a contract which cannot, without a breach of faith, be changed by a repeal of the law. You unnecessarily commit the Government to a stipulation which may be very inconvenient, if not impossible, to fulfill, if the public debt runs up to \$2,000,000,000, the interest upon which, at six per cent. per annum, would be \$120,000,000 annually, requiring \$60,000,000 of coin every six months to pay interest on your funded debt. I think we should pause before committing ourselves to any such proposition, for no man here is wise enough to tell how long this war will continue, or how many complications with foreign nations will grow out of it, or how great will be the war debt. *By all means let us pay the interest in gold to those who desire it, if it is practicable to do so ;* but let us keep the power in the Government itself, and exercise it wisely for the best interest of the whole people.

The people in the country who hold seven and three-tenths Treasury notes are patriotic enough, while the war lasts, to receive their interest in any money that will pass currently at the banks and among the people. Money with them is only valuable for its uses. Legal tender Treasury notes can be used for all business purposes, without compelling the Government to sell its bonds at fifteen or twenty per cent. discount to procure coin when it is entirely unnecessary. \* \* \* \* \*

At the extra session in July we passed two very important bills—one to borrow \$250,000,000, for which bonds and notes were to be issued, and the other to call into the service five hundred thousand volunteers, and pay the soldiers thirteen dollars per month, and the officers a higher rate of fixed compensation. Both bills were war measures, both were necessary, and action has been had under both. Under the first bill the associated banks of New York, Boston and Philadelphia took the sum of \$100,000,000 of seven and three-tenths three years Treasury notes at par, and \$50,000,000 twenty years six per cent. bonds at a discount of ten and two thirds per cent. from their face—say net \$44,061,230.97, being a loss of \$5,338,769.03 on this transaction. This is a higher rate of interest than our Government, with all its immense power and resources, ought to pay ; but the loan has been made, and I only refer to it now for the purpose of showing what has been done under these two acts of Congress.

Under the army bill, five hundred thousand volunteers have been called into the service, and are now in the field. Under both of these bills a debt has been created against the Government. The associated banks of New York, Boston and Philadelphia are creditors of the Government to the extent of \$150,000,000. The five hundred thousand volunteer army are also creditors of the Government to a large amount. We owe them both, and both are creditors under laws passed by us at the extra session. Are not both classes of these creditors on the same footing ? Are the bankers entitled to any preference over the volunteer army ? Is the banker's money any more sacred than the services of the soldier in battle, on guard, or in the tented field ? I cannot see that the banker or the holder of Treasury notes is entitled to any preference over the soldier, under these two laws of Congress, and yet, if you concur in these *hard-money* amendments of the Senate, you will compel the soldier to take legal tender Treasury notes in payment for his thirteen dollars per month which you agreed to pay him, while you pay the banker his high rate of interest, semi-annually, in gold and silver coin. Is this right ? Will this be meting out just and equal laws to the loyal citizens of this Government ? What will your army say to an arrangement of this kind ? Sir, I can consent to no such discrimination, no such amendment, no such injustice.\* \* \* \* \*

It is to be hoped that this will be a short war. It is very desirable that it should be pressed

on with the utmost vigor, and be brought to a speedy and successful termination. God grant that this may be the issue. I have no expectation, however, that the authority of the United States Government will be respected and enforced in all the Southern States for many years. I think the rebels are desperate and determined, and will never submit to the Constitution and laws until compelled to do so by armed force. They may be beaten and compelled to fall back, but until Union governments are successfully established in all the Southern States the laws of the United States will not be respected, and can only be enforced by the army and navy in actual occupation of the rebellious States. This will require a large and expensive army for many years, the total expenses of which cannot now be estimated. It will require Federal troops in every rebellious State to collect your direct taxes and internal duties ; and until you can peaceably collect taxes in all the rebellious States the rebellion is not ended. \* \* \* \* \*

In every aspect in which you view this hard-money provision, its practical workings will be disastrous. It would be all very well if the amount was small and applied to carrying on the Government on a peace footing, when you know what amount will be required ; but in carrying on the Government at this time, when the magnitude of the expenditures are so overwhelming, all *theories* applicable to peace must give way to the inexorable necessities that are forced upon us in the prosecution of this war. Look at your long line of offensive operations, extending from Kansas to this capital, and thence to Fortress Monroe, Hatteras, Beaufort, Key West, Pensacola, and Ship Island—a distance of more than four thousand miles. This very long line of military operations cannot be maintained except at an enormous expense for transportation, supplies, and material of war. Our trillion six hundred thousand dollars does not cover the daily expenditures. Peace theories of finance must give way to what is practicable to be done in the present exigency. The Government is at this moment in the situation of a merchant who has overtraded, who owes more than he has the present means of paying. He may be compelled to stop payment in specie, when he has ample assets to cover all his liabilities. A mere suspension of specie payments does not imply bankruptcy or insolvency.

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Our country and Government at all hazards must be preserved. To accomplish this, our plan of finance must be simple and practical. As has been shown, we have various descriptions of property in abundance. We have not the money to meet the sudden demands that are thrown upon us. Is it not better to pledge our honor, our lands, houses, personal estate, incomes, and wealth of all kinds to create this money, on the faith of the nation, than to run the risk of utter ruin to all interests for the sake of holding on to theories which may be excellent in time of peace, but which are wholly impracticable in the prosecution of this war. \* \* \* \* \*

It is very clear that it the prosecution of this war to maintain this Union, the ways and means of carrying it on can only be limited by the actual expenditures.

We must, while the war lasts, incur all the debt necessary to crush out the rebellion, and maintain the authority of the United States Government over all the thirty-four States. We cannot, therefore, now limit the amount of the debt to be incurred, nor can it be accurately estimated. Notes and bonds must be issued in some form for all the debt incurred, excepting what we may realize annually from taxes, excises, and duties on imports. In issuing these notes and bonds I think it will be much better for the Government, and for the people, to have one uniform system. It would be better for all concerned to have a fixed policy, not to be changed, so that all business men may conform to it at once. That policy should, in my judgement, be the issue of legal tender demand Treasury notes not

bearing interest, to be paid out for what is necessary to support the army and navy, and fundable at any time in twenty years bonds, bearing interest at six per cent., payable semi-annually. This is as high a rate of interest as the Government ought to pay, especially as our people are to be heavily burdened by taxation to pay, ultimately, the interest and principle in gold and silver of all this debt. Let our policy be distinctly fixed and settled, and we shall hear no further importunities for higher rates of interest, or for any preference of one class of creditors over any other class equally meritorious.

I regret that my sense of duty compels me to differ so widely from the Senate. I have great respect for that body, and would gladly yield to their views, if I did not regard it so fatal to the public interest. So soon as our funded debt reaches \$700,000,000, which will be in a very few months, I believe it will be impossible to procure the coin to pay the interest semi-annually without the most serious consequences to our credit. The amount of discount on our bonds to procure specie would be very large. In every view, the Senate amendment seems to me unnecessary, injurious, partial and unjust. I trust the House will non-concur in the amendments.”

At the time the above remarks were made by Mr. Spaulding, *the duties on imports* were, as the bill then stood, payable in legal tender notes, but this was afterwards changed in the Committee of Conference, making those duties payable *in coin*, so that the interest might be paid in coin, without being obliged to force the bonds on the market to obtain coin for that purpose. This was probably the best compromise that could be made, as will more fully appear in finally adjusting the disagreeing votes between the Senate and House.

#### SPEECH OF MR. POMEROY.

Mr. POMEROY, of New York, spoke one hour in favor of paying the *interest in coin* on bonds and Treasury notes. He said :

“ The action already had upon the bill has, so far as the sense of Congress is concerned, settled, if not the constitutionality and expediency of issuing, to a limited amount, Treasury notes, made a legal tender in payment of debts, at least the existence of a necessity, under which such constitutional power will be assumed and its exercise declared expedient. I do not propose, therefore, to enter at all upon the discussion of those questions, nor would it be pertinent to the only amendment I propose to discuss, to wit : that providing for payment of interest on the national debt in coin. They were fully discussed when the bill was first before the committee, to the neglect, as I then thought and now think, of the point presented by the pending amendment, upon which alone I desire to submit a few remarks.

The question is not now whether \$150,000,000 of Treasury notes shall be issued and made a legal tender in payment of public and private indebtedness. That proposition has been decided in the affirmative ; but if my faith in the necessity and expediency of such issue was stronger even than that of the able and distinguished Representative, [Mr. Spaulding,] who has originated this measure, and carried it triumphantly over the Administration and through Congress, still, deeming this amendment, as proposed by the Senate and now under consideration, vital to the success of the scheme, and the only

regulation by which financial explosion under it can be prevented, I could not, as an original proposition, and cannot now, without such amendment, support this bill. My opinion may be unfounded and erroneous. I hope it is, if this amendment is to fail. I have no pride of opinion upon this matter, but I have convictions, clear, decided and conscientious, which I cannot trample upon without violating my own sense of self-respect and of public duty. The opposition which this amendment meets from the framers of the bill sufficiently demonstrates to us and to the country that it is not merely formal in its character, but is of primary importance and entitled to the highest consideration. I shall be very brief, and will endeavor to be plain in my views respecting it.

It is conceded by the friends of the House bill, that the policy of issuing Treasury notes under it with the characteristics of money is to be temporary, and that it is a divergence from the correct principles of political economy, to be justified only by necessity, and yet the primary and principal fault I find with it is, that instead of being a temporary measure, it really, by its failure to make adequate provision to raise money by loan, inaugurates and necessitates the perpetuation of a reliance upon a forced paper currency alone to meet the demands of the war, the amount of the issue of which, if sufficient for that purpose, must depreciate it to a mere nominal value, and result in ultimate repudiation. *It may be expedient as a remedy for an existing political disorder, but it is death if relied upon for permanent existence.*

The credit of the Government has been recently brought to the test of practical experiment in a much more favorable time than the present, when the banks were plethoric with gold beyond all former experience and promptly meeting all engagements in coin, when suspension had not been thought of, and the patriotism of the people was fully aroused in the enlistment of those armies that are to-day more than meeting our proudest anticipations ; and yet, under those most favorable auspices, the rate of interest, as established, was seven and three-tenths per cent. for three year coupon bonds, and seven per cent. for those running twenty years, each payable semi-annually in coin, and with the added advantage to the banks, who were the purchasers, of holding the proceeds on deposit without interest until drawn out in the usual course of expenditure ; and \$50,000,000 of the long bonds, authorized at the extra session, have not been, and could not be, sold even at the rate above named. \* \* \* \* \*

The science of Government is one purely experimental. A code of laws designed for men as they ought to be, would be a terrible code applied to men as they are. We experience no difficulty in recognizing in legislation the natural laws of matter, and we should have no more in recognizing the natural laws of mind, association, trade, commerce and business. If we are to borrow money, we must recognize these laws ; and I may well call them higher laws, for while legislation cannot change them, they are continually changing legislation. One of these is that the precious metals are the representative of value. *The gold dollar of our currency is the unit of value. Conversion into this representative is the only criterion of value.* Those who invest money or loan will make it a condition precedent that the interest shall be in money, *and not in promises to pay money.* Legislation has not changed, and cannot change, paper currency into coin or its equivalent, except through convertibility. Without this requisite it is a mere naked promise. We cannot make Treasury notes money until we can change by act of Congress a promise into a performance, and Almighty power alone call do that. We propose to compel the Government and citizens to receive this paper as money in payment for debt ; but we do not propose to attempt to compel anybody to take it by way of loan, nor to compel anybody to loan it, not even to Government. Then people must be induced to loan it ; and how can

you expect them to do it at rates less favorable than you have already established in more prosperous times, to wit : a rate of seven and three-tenths per cent., payable in coin. Now, this paper is or is not equal to gold. My colleague may take whichever horn of the dilemma he pleases. If it is not, it is folly to suppose that people are voluntarily going to place themselves in a position where, for a term of years, they compel themselves to receive it as interest, and assume all the risk of depreciation. If it is equal, then there can be no unjust discrimination in paying interest ill gold. I prefer to look at the question just as it is, and admit the fact that it is not and cannot be made equal, because it lacks the essential quality of *convertibility*. To the extent to which it is not equal, we work a hardship in forcing it into circulation ; but we have already decided that a necessity exists which compels us to accept this hardship rather than to inflict upon the people or submit the Government to a greater. And we believe farther, that the evils thus produced will, in the aggregate, if not in each individual case, be more than compensated by the relief they will afford from financial stringency, and as a medium of exchanges, especially with the Government itself.

While, however, we exercise the power to compel the people to receive it as gold in payment of debts, we, unfortunately, have not the power to compel them to loan it back to us on time, and receive more of the same kind as interest. There is just the practical point where our new political physiology fails. As 'Artemus Ward' would say, ' its *forte* is not in borrowing, but in paying,' and we have got to make it work both ways. It is all nonsense to say that while we pay out Treasury notes from necessity in some cases, we will forbear to borrow money, without which our credit must go down entirely, because it will necessitate the payment of interest in coin, and thus conflict with our theory ; that because we pay ourselves and our soldiers and everybody else with whom we are under contract, in paper, we will stop paying even them rather than to continue the ability to do so by borrowing money and stipulating in advance to pay the interest in a different commodity. The inconsistency consists in not considering that we must first get the principal before we put on airs about the manner in which we will pay the interest, in which transaction the lender as well as the borrower is usually consulted. The Committee of Ways and Means are talking about paying, whereas the problem is how to borrow.

Nor does the agreement to pay interest in coin tend in the least to depreciate the value of the notes. The very necessity for this agreement arises from the fact of the pre-existing differences in value between coin and paper. It does not create the inequality. It recognizes an existing fact, and applying legislation practically to that fact, enhances the value of the paper, by allowing its conversion into a permanent loan, the principal and interest of which are to be paid in money ; and instead of depreciating the paper, checks depreciation by reason of this very convertibility, and presents the only possible mode, that I can conceive of, by which serious depreciation can be prevented and the funding process kept in operation. In fact, this very difference between the intrinsic values of notes and coin, thus recognized and embodied in our legislation, tends to produce the very object desired—the funding of the public debt. If capital will seek treasury notes at par, for the purpose of investment in bonds, with the interest payable in notes, how much more readily will it seek these same notes, at a slight depreciation, for the purpose of such investment, with the interest to be paid in gold ; and the very demand for this purpose, while it prevents serious depreciation, is induced by the very depreciation inherent in the character of the paper which it continually checks. It produces a self-adjusting funding access, based upon things as they exist in the commercial world, by which the disparity between the value of the two currencies ceases to be an element of discord, and becomes,

during the temporary period in which the funding process is going on, an element of good. In this manner, and through the happy instrumentality which may in this way be exerted by these notes, imperceptibly, and through the ordinary channels of financial operations, the whole process of funding the public debt will be accomplished. \* \* \* \* \*

One thing further is evident. If the debt can be funded under the provisions of the House bill, it certainly can under the Senate amendments. The Treasury has prided itself on its ability to obtain money at the rate proposed by the latter in more prosperous times. If it was satisfactory then, it should be still more satisfactory now. In this work we cannot afford to fail. The part of wisdom is, then, to accept the greater safety. When paper shall have taken the place of coin, and the latter, true to its instincts, shall have taken wings and flown away—it cannot be whistled back. It is idle to argue that two representatives of value of equal nominal amount, but intrinsically unequal, will stay together and consent to become convertible. The more valuable always abandons the field.

One fact more must not be overlooked in considering this matter—that the security remains the same in all cases, namely : the faith of the Government. No inducement is offered by the House to fund these notes in the nature of the new security. *The credit of the Government is alike bound for the payment of both classes of indebtedness ultimately in gold. Each derives its entire value from that.* The only advantage that can be then offered in funding is the more convenience in the form of the security, and the payment of interest in a commodity similar to that which the principal represents. \* \* \* \* \*

Now, I do not know by what class of soldiers my colleague [Mr. Spaulding,] may be represented in the field, but I do know the character of the two thousand soldiers from my own county, and of the four thousand soldiers in the field from my congressional district, and I know that their present condition as soldiers is purely ephemeral. Their normal condition is that of citizens, and as such I represent them here ; and they will appreciate at what it is worth the appeal of my colleague in their behalf as a class, as soldiers, in distinction from their character as American citizens. \* \* \* \* \*

I believe I have never failed to sustain, whether it be to my credit or otherwise, any recommendation backed by a majority of the Committee of Ways and Means of this House. As amended by the Senate in this respect, I will cheerfully support this bill. In its original form I could not, though it has been unpleasant to diverge from so large a proportion of my political associates. It were easier to have followed in the wake of inclination, and covered myself from criticism with the mantle of necessity. I have preferred to walk the plank of duty, trusting to time and practical results for the vindication of its policy.”

#### SPEECH OF MR. CALVERT.

Mr. CALVERT, of Maryland, advocated the payment of interest in coin. He said :

“ Let me tell the gentleman from New York, [Mr. Spaulding,] that it is useless to talk about the injustice of paying brokers in one currency and other people another. When you want to borrow money you must go to the brokers to borrow it. Farmers and others may be induced by the brokers to invest their money in your bonds ; but they will not do it without the advice of the brokers or agents with whom they are in the habit of counseling, and therefore it is the broker at last who holds in his hands our credit, and it is useless for

gentlemen of this House to talk about a proposition to put down the brokers who are constantly dealing in these notes. He contended that the amendment of the Senate would benefit the credit of the Government more than anything else that could be done. People would not loan money to be payable in paper, because, although you make paper a legal tender by legislation, it will not be so in fact—the question has yet to be tried before the State Court, as well as before the United States Court. The only way in which you can possibly have any notes funded is by paying the interest in coin. Then if the notes fall below par they will be immediately funded.”

#### SPEECH OF MR. MORRILL.

Mr. MORRILL, of Vermont—“Our whole difficulty in this matter, it appears to me, arises from our departure from sound principles in the first place. It appears that the House and the Senate have both decided that they will issue paper and make it a legal tender. I deeply deplore the fact as a blot on our national history that cannot be effaced ; but as I do not now see it probable that any other result will be reached, my only purpose and desire is to perfect and pass the best possible bill to be obtained. I believe the Senate amendments are, on the whole, a great improvement upon the bill as it passed the House. I could wish that we might, even at this hour, slaughter both the original bill and the Senate’s amendments, and then mature such financial measures as would preserve a sound specie-paying basis ; but having no hope of that now, I trust we may adopt the Senate amendments, which will, in some degree at least, mitigate the evils to be apprehended from the bill as it left this House.

Now, the gentleman from New York (Mr. Spaulding) talks as though it would be an abandonment of the honor and good faith of the Government to pay the soldiers in any different species of money from that which we pay our public creditors. I recollect to have read that Frederick the Great, upon a certain occasion, directed his minister, when he was about to seize upon some province of one of his neighbors, to draw up a proclamation justifying the measure to the world ; and his minister drew it up, commencing, ‘In the name of God.’ Said Frederick, ‘strike out all about God, and say that I did it.’ Now, I recommend to the gentleman from New York, when he is talking about this subject of compelling the public and private creditors to take paper money for all debts *heretofore* or hereafter contracted, to omit all mention of ‘honor and good faith.’

But what is the fact in reference to this matter of paying off the soldiers in any different money ? Why, the fact is that we are going to pay them in paper, according to this bill. Now, if these soldiers were debtors, and owed a grocer at home or here, and could make a tender of this paper, it might then indeed be of some service ; but how are you to compel the grocer, or any man who has anything to sell upon which these soldiers or their families subsist, to take this paper at anything more than its market value ? Of course, if coin is worth more than paper, they have to pay to that extent more than they

would pay if, they had coin ; and I am in favor of keeping our promises equal to coin. In my judgment, if we pay the interest on the public debt in specie, it will have a tendency to keep up the credit of the country, and there will be less depreciation upon these notes than there otherwise would be.

But, Mr. Chairman, the great object is to fund some portion of the public debt. Now, it is perfectly apparent, not only from the statement of the gentleman from New York (Mr. Spaulding), but from the knowledge all have of the subject, that our wants are large, and that we will be compelled to issue our bonds or notes, or paper of some kind, to a large amount hereafter. Now it is proposed to issue twice, thrice or quadruple the amount of this legal tender paper before this session of Congress closes ? Within sixty days we must have at least twice the amount of notes which is proposed now ; and unless they can be funded into debts due at some future time, from *necessity*, as we shall again be told, we shall have to repeat the dose we are now offering to the public. Anybody may see that while it might be possible for this country to endure \$150,000,000 of additional currency, even if it did unhinge all commercial transactions, that it would be utterly impossible that we could absorb twice or thrice that amount without a vast expansion of the whole monetary system of the country—turning even sober and industrious citizens into the wildest of speculators.\* \*

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But, Mr. Chairman, I believe that if we could stand up here in the vigor of a nation not yet taxed a single dollar for the cost of this war, and mature it proper policy by which we can negotiate a loan standing on the credit of the country, standing on the proposed taxation of the country, standing on our hitherto untarnished honor, that there could be no need whatever of a resort to such a desperate scheme as the one now under consideration. I hope, therefore, that we shall adopt the amendment of the Senate. I wish that we might go much further, but that at least is better than a measure whose symmetry is only measured by its exclusively paper character.”

#### SPEECH OF MR. DUNN.

Mr. Dunn, of Indiana, spoke as follows :

“Mr. Chairman—when this bill was under consideration in the House, (in Committee of the Whole,) a direct vote was taken upon the proposition to pay the interest on the bonds in coin, and the Committee sustained that proposition by a very decided vote. I do not quite understand by what legerdemain the bill went to the Senate in a different form. I voted then that the interest should be paid in coin, and I shall vote so now, notwithstanding the arguments employed here to induce us to vote differently.

The principal argument urged against the Senate amendment is that it provides for paying our creditors in different ways, and an appeal is made to the patriotism of the House to know if we are willing to pay different kinds of money for our interest from that with which we pay our soldiers. Now, I shall vote for this proposition with the direct view and object

of making the paper we offer to the soldier as good as possible. I believe that it is impossible to pay them in coin, or I would vote for that. It is necessary to make our notes as good as possible, and if there is any equivalent for coin, let us approach that point as nearly as possible. If we cannot remove the cloud of debt, let us, at least, give it a golden lining. One mode of sustaining the credit of the notes is to have them converted into bonds ; and in order to make those bonds acceptable to those who have money to lend, we must make the interest payable in coin. We must try to induce capitalists to lend us money ; for we have no mode of compelling them to do so. The gentleman from Vermont, [Mr. Morrill,] who has just taken his seat, said that the West expected some advantages from making treasury notes a legal tender. The members from the West, generally, who voted for making the notes a legal tender, did so because we believed it to be a governmental necessity. We wanted a bridge to carry us over the morass. We make it of trestle-work, a temporary work, to serve only until the ground hardens. We do not believe this war is to be of long continuance. We do not believe the necessity of the legal tender clause will long exist. I think that those who were despondent ten days ago have now great reason to rejoice. The rapid succession of Union victories has filled every loyal heart with joy, and I do not doubt but that we shall soon be relieved from our pecuniary difficulties.”

#### MR. ENGLISH'S SPEECH.

Mr. ENGLISH, of Connecticut, spoke in favor of paying the interest in coin. He concurred with Mr. Pendleton on the constitutional question, and considered it settled by his argument that it was not constitutional to make these notes a legal tender. He also argued at considerable length that the measure was *not necessary* at this time. He was in favor of ample taxation, and that the States should be allowed to collect the taxes and pay over the money to the United States. He wanted no Government tax collectors.

On the pending amendments he said :

“ In order to make these bonds valuable to those who have money to invest, we must adopt the amendment of the Senate providing that the interest shall be paid in gold and silver. When it is ascertained that the interest is to be paid in gold and silver, then the bonds will be sought for investment. If you issue Treasury notes, and if these Treasury notes go into the market and depreciate—as I think they will not—what will be the effect ? The effect will be that, just in proportion as the Treasury notes depreciate, in the same proportion will the interest payable on bonds be diminished. These Treasury notes answer very well as a means of circulation, provided the amount of the issue shall not exceed that provided for in this bill. My opinion is that these Treasury notes may answer a very good purpose ; but the moment their volume is swollen beyond that, so soon will they depreciate.

I trust that the amendment of the Senate will be concurred in by this House. In my judgement, it is the very best thing that we can do under the circumstances. I voted for the issuing of these Treasury notes, but against the ‘legal tender’ clause. Otherwise, I was in favor of the measure ; but the judgement of the House was against me on that point. I think that now the best thing the House can do is to concur in the Senate amendment ; and I trust that it will be concurred in.”

SPEECH OF MR. PIKE.

Mr. Pike, of Maitre, spoke as follows :

“ Mr. Chairman—with all due deference to gentlemen who differ with me on this subject, it does seem to me that this matter of paying interest in coin is a controversy about goat’s wool. The interest will be paid in coin in any event. The recent victories of our armies have changed the whole matter. (Just heard of the capture of Fort Donelson and the movement on Nashville.) We have now to return to a normal condition of currency. \* \* \* \*

I not only assent most cheerfully to the proposition to pay the interest in coin, but I also assent to the cognate proposition to sell these bonds at the highest price we can get for them. We are returning now to a solid basis. I hail the cause of the return as well as the return itself. Let us sell our bonds to pay the creditors whom we are under contract to pay. We never can have a better time for doing so than now, when an effervescence of delight is felt all over the country, because of the victories achieved by our armies. It is felt everywhere now that we not only have a Government, but a country on which to base this issue. Therefore, I say, let us now sell these bonds. Let us realize as much money from them as we can. Let us provide to pay the interest in coin, and let us pay the public creditors.”

SPEECH OF MR. DIVEN.

Mr. DIVEN, of New York, spoke as follows :

“ It strikes me, Mr. Chairman, that the fallacy of all the arguments in favor of this amendment consists in the fact that the amendment fails to meet the evil. It is not proposed to go back and remedy the great national wrong, national dishonor, and inconsistency of the step that has been taken by declaring that these notes shall be a legal tender. If this House is determined to adhere to that, if—as the gentleman from Vermont has said—the child is dead, if the national credit is gone, if we are ready to assume the humiliating attitude that national credit and honor are dead, then the argument of the gentleman from New York (Mr. Spaulding) is sound.

The same plea of necessity which is resorted to in support of the legal tender clause, will require us *to resort to every effort to do away with all distinction between this paper money and coin. The requiring the payment of interest in coin will have a tendency to make such distinction.* It will have that effect, and all that we can do will not help it. Let me make one appeal to members. It is not yet too late to retrieve the error. We have not yet declared that we will compel men to take those promises to pay, and to treat them as substance. The way to recede from that dangerous proposition is before us.

The times are auspicious. One good reason urged in favor of that policy was that the people were discouraged from the want of success in our army. We have now the encouragement of success. Only let the moneyed men of the country believe that the Government is to succeed in putting down this rebellion, and we will not have to plead for

credit. It is not gold and silver that we want. It is not things that are to be taken for gold and silver that we want. It is credit ; it is confidence on the part of men who have money to lend, and who can lend it to the Government with the assurance that it will be returned to them. That is all that is wanted. And now, in view of the brilliant prospect before us of a speedy termination of the rebellion, and in view of the immense resources of the Government, in Heaven's name, let us leave no national dishonor, to forever remain a stain upon the country. We will do that, if we do this great wrong. I appeal to the house, in the name of honor and justice, to retrace the step it has taken, and to save the Union from the loss that will afflict it by the passage of this law."

Mr. Windon, of Minnesota, objected to the *proceeds of the public lands* being pledged to pay interest or principal on the bonds, as proposed by the Senate, for the reason that it would tend to defeat the Homestead Law. This provision was afterwards struck out in the Conference Committee.

On the 6th amendment of the Senate, providing that these Treasury notes should be received for all claims and demands against the United States of every kind whatsoever, 'except for interest on bonds and notes, which shall be paid in coin,' Mr. Pendleton moved an amendment to the effect 'that the officers, soldiers, seamen and mariners engaged in the military service of the United States,' should also be paid in coin. Being opposed to the whole legal tender principle, he offered it to meet the objection of the gentleman from New York, [Mr. Spaulding,] in reference to our unjust discrimination against soldiers and others. He said :

" I am not in favor of that discrimination, but am in favor of paying the officers and soldiers in the military and naval service of the Government in the legal coin of the country."

The amendment was not agreed to.

The amendments of the Senate having been acted upon in Committee of the Whole, Mr. Stevens moved that the Committee rise and report the bill and amendments to the House, which was agreed to. The bill and amendments were accordingly reported to the House.

On the 20th, the House resumed the consideration of the Senate amendments.

Mr. STEVENS was entitled to one hour in closing the debate. He gave a part of this time to Mr. Hooper, of Massachusetts.

#### MR. HOOPER'S SPEECH.

Mr. HOOPER, of Massachusetts, spoke as follows :

" Mr. SPEAKER—with the present large expenditures of the Government, and while the banks throughout the country are acting under a suspension of specie payments, it is an absurdity to insist on the strict enforcement of the existing laws, which require all Government receipts and payments to be made in coin. It is absurd, in my opinion,

because it is impossible ; and it is also absurd because it is useless. What private corporations or individuals in this country receive and pay coin in the conduct of their business ? There are none. Nearly all the ordinary receipts and payments throughout the country are made in bank notes, bank checks, or credit in some other form ; and coin is only required occasionally for a very small per cent. of those receipts and payments, which in amount, extend, in the course of a single year, to thousands of millions of dollars.

The object of this Treasury note bill is to furnish a substantial and uniform currency that will aid the Government, and enable it to receive its dues and make its payments, like all others, with credits. This bill declares that, for all dues to the Government and for all payments by the Government, these notes shall be received 'the same as coin.' One way to make them 'the same as coin' would be to make them at all times convertible into coin. Another is to use them, so far as possible, for all the purposes for which coin is used ; and in this latter mode their value will be the same as coin, unless the amount that is issued exceeds the amount needed for such uses.

At the end of twelve months from this time the receipts of the Government and the payments by the Government, amounting to many hundred millions of dollars, will be found to be nearly equal ; that is, the Government during that time will have received about the same amount that it will have paid ; and if these 'Government notes' are, in part, paid out by the Government, as it is proposed they shall be, in anticipation of the receipts for taxes and loans, they must all come back again in the course of the year, when those taxes and loans are paid for. The people may find a portion of these notes more convenient for other uses, and may, therefore, prefer to make their payments to the Government partly in coin. Unless, therefore, the Government is to be broken down, by the refusal to furnish the means in the form of taxes and loans to carry it on, these notes cannot depreciate to any extent, because they will be needed, and probably a large amount of coin in addition, to pay into the Treasury for the loans and taxes ; they will be received by the Government the same as coin, and therefore must be for this purpose, and all others, the equivalent of coin, unless they are imprudently issued in excess of the requirements for such purposes.

I am opposed to this amendment of the Senate which requires the interest on Government notes and bonds to be absolutely paid in coin, *because its effect will be to depreciate these notes as compared with coin, by declaring them in advance to be so depreciated.* It creates a necessity for the Government to obtain a large amount of coin by purchase, if it is not received in payment of taxes and loans, which hold out an inducement to speculate on the necessity of the Government, by collecting and hoarding the coin against the time that will be required by the Government to pay its interest ; and because it is an unnecessary inconvenience to require the whole amount of the interest to be paid in coin, when only the small amount is necessary that is to be remitted to foreign holders of bonds, which could easily be obtained at small cost, if the effect of the issue of the Government notes should be what the friends of this bill expect. \* \* \*

If the opponents of this bill have proved anything, they have proved too much in reference to the question now before the House, which is to make a distinction in favor of the holders of Government securities, and pay what may be due to them in coined money, while all other creditors of the Government shall be paid in what they have denounced to the country from the high places they occupy here, as the meanest paper trash."

CLOSING DEBATE—MR. STEVENS' SPEECH.

Mr. STEVENS, of Pennsylvania, spoke as follows :

“ Mr. SPEAKER—I have a very few words to say. I approach the subject with more depression of spirits than I ever before approached any question. No personal motive or feeling influences me. I hope not, at least. I have a melancholy foreboding that we are about to consummate a cunningly devised scheme, which will carry great injury and great loss to all classes of the people throughout this Union, except one. With my colleague, I believe that no act of legislation of this Government was ever hailed with as much delight throughout the whole length and breadth of this Union, by every class of people, without any exception, as the bill which we passed and sent to the Senate. Congratulations from all classes—merchants, traders, manufacturers, mechanics and laborers—poured in upon us from all quarters. The Boards of Trade from Boston, New York, Philadelphia, Cincinnati, Louisville, St. Louis, Chicago and Milwaukee, approved its provisions, and urged its passage as it was.

I have a dispatch from the Chamber of Commerce of Cincinnati, sent to the Secretary of the Treasury, and by him to me, urging the speedy passage of the bill as it passed the House. It is true *there was a doleful sound came up from the caverns of bullion brokers, and from the saloons of the associated banks.* Their cashiers and agents were soon on the ground, and persuaded the Senate, with but little deliberation, to mangle and destroy what it had cost the House months to digest, consider and pass. They fell upon the bill in hot haste, and so disfigured and deformed it, that its very father would not know it.

[Laughter.] Instead of being a beneficent and invigorating measure ; it is now positively mischievous. It has all the bad qualities which its enemies charged on the original bill, and none of its benefits. *It now creates money, and by its very terms declares it a depreciated currency. It makes two classes of money—one for the banks and brokers, and another for the people.* It discriminates between the rights of different classes of creditors, allowing the rich capitalist to demand gold, and compelling the ordinary lender of money on individual security to receive notes which the Government had purposely discredited.

Let us examine the principal amendments separately, and see their effect. The first important one (being the fifth,) makes the notes issued under the laws of July 17, a legal tender, equally with those authorized by this bill. There can be but little wisdom in putting these two classes on an equality. The notes of July bear seven and three-tenths per cent. interest, and are payable in three years. This gives them a sufficient advantage over notes bearing no interest and payable virtually in twenty years bonds, with six per cent. interest. Why give them this additional advantage ? Simply because the \$100,000,000 issued are all held by the associated banks, and this is their amended bill. They would displace \$100,000,000 of this money in the circulation, and render it impossible to use any considerable amount of these United States notes as a currency. These notes have served their purpose. Why allow them to block up the market against further relief to the Government ?

The banks took \$50,000,000 of six per cent. bonds, and shaved the Government \$5,500,000 on them, and now ask to shave the Government fifteen or twenty per cent. half yearly, to pay themselves the interest on these very bonds. They paid for the \$50,000,000 in demand notes, not specie, and now demand the specie for them. Yet gentlemen talk about our making other loans in these times. They are crazy or sleeping, one or the other, I do not know which.

When this question was discussed before, the distinguished gentleman from Kentucky (Mr. Crittenden) asked me whether it was the intention or expectation of the House to go on and issue more than one hundred and fifty millions of dollars of legal tender notes—a

pertinent question, which I saw the whole force of at the time. I told him that it was my expectation that no more would be issued by the Government ; that they would be received and funded in the twenty year bonds.”

Mr. Lovejoy—“ I ask the gentleman from Pennsylvania whether \$150,000,000 of gold could not be put into circulation as well as \$150,000,000 of Treasury notes ? ”

Mr. STEVENS—“ If this \$150,000,000 would come out of the banker’s and miser’s hoards ; but they have suspended specie payment, and would not give out a dollar. They say pay us a discount, and then when these notes are made a legal tender we will be again in the clutches of these harpies. I do not want to use hard names. I suppose these men act from instinct. If I were now to answer the question of the gentleman from Kentucky, I would not give that answer. I do not expect one dollar of the \$150,000,000 of legal tender notes ever to be invested in the twenty years bonds. I infer from the amendment that before we adjourn \$150,000,000 will be asked for, which will never be funded in those bonds, and so on, as they are needed, *as no bonds will be funded until our circulation will become frightfully inflated.*

But now comes the main clause. All classes of people *shall* take these legal tender notes at par for every article of trade or contract, unless they have money enough to buy United States bonds, and then they shall be paid in gold. Who is that favored class ? The banks and brokers, and nobody else. They have already \$250,000,000 of State debt, and their commissioners would soon take all the rest that might be issued.

*But how is this gold to be raised ? The duties and public lands are to be paid for in United States notes, and they or bonds are to be put up at auction to get coin for these very brokers, who would furnish the coin to pay themselves, by getting twenty per cent. discount on the notes thus bought.*

I have proposed an amendment to the Senate amendment upon the principle of legitimate parliamentary rules, that you may make as palatable as you can an amendment which you do not like, before the vote is taken upon it. My amendment is offered for the purpose of curing a little the evils and hardships of the original amendment of the Senate. And though it may be adopted, I shall vote against the whole as amended. My amendment is to except from the operation of the legal tender clause *the officers and soldiers of the army and navy, and those who supply them with provisions*, and thus put them upon the same footing with the Government creditors who hold their bonds. I hope they will not be thought less meritorious than the money-changers. I trust it will be adopted as an amendment to the Senate amendment, so that if this pernicious system is to be adopted, if the beauty of the original bill is to be entirely impaired, those who are fighting our battles, and the widows and children of those who are lying in their graves in every part of the country, killed in defense of the Government, may be placed upon no worse footing than those who hold the bonds of the Government and the coin of the country.”

At the conclusion of Mr. Stevens’ speech the House proceeded to vote on the Senate amendments, some of which were concurred in, and others were disagreed to. The first important division of the House was on the sixth amendment of the Senate, as follows :

“ Immediately after the clause last quoted, strike out the words ‘ and for all salaries, debts and demands owing by the United States to individuals, corporations and associations within the United States,’ and insert, ‘and of claims and demands against the United

States, of any kind whatsoever, *except for interest upon bonds and notes, which shall be paid in coin.*' ”

To this amendment Mr. Stevens moved an amendment to insert after the word “ notes,” the following :

*“ And payments to be made to officers, soldiers and sailors in the army an navy of the United States, and for all supplies purchased for the said Government.”*

Mr. WHITE, of Indiana—“ I appeal to the gentleman from Pennsylvania to withdraw that amendment. It was only intended to illustrate an absurdity, and I hope he will withdraw it.”

Mr. STEVENS—“ No sir ; I cannot withdraw it.”

Mr. BINGHAM—“ I demand the yeas and nays on the amendment to the amendment.”

The yeas and nays were ordered.

Mr. BAKER—“ I should like to ask the Chairman of the Committee of Ways and Means a question.”

THE SPEAKER—“ No debate is in order at this time.”

The question was taken, and it was decided in the negative—yeas 67, nays 72 ; . . . . So the amendment of Mr. Stevens to pay the army and navy in specie, the same as the bondholders interest in coin, was not agreed to.

The same question being upon agreeing to the sixth amendment of the Senate, to pay interest in coin on bonds and notes, in which the Committee of the Whole on the state of the Union recommended concurrence.

Mr. Roscoe Conkling demanded the yeas and nays. The yeas and nays were ordered.

The question was taken ; and it was decided in the affirmative—yeas 88, nays 56; . . . . .

Mr. FESSENDEN moved that immediate action be had on the amendments. The motion was agreed to, and after some preliminary remarks by Mr. King and Mr. Sherman, and without any separate action on the several amendments, Mr. Fessenden said :

“ I will move, as I understand the House has adjourned until to-morrow, that the Senate insist on its amendments, disagreed to by the House, and disagree to the amendments of the House to the amendments of the Senate, and ask for a Committee of Conference on the disagreeing votes of the two Houses.”

The motion was agreed to, and the Chair appointed Mr. Fessenden, Mr. Sherman and Mr. Carlisle, as such Committee.

On the 21st., the action of the Senate was reported to the House, and on motion of Mr. Stevens, a Committee of Conference was appointed on the part of the House, as requested by the Senate, consisting of Mr. Stevens, Mr. Morton and Mr. Sedgwick. The Conference Committee had long consultation, extending through two or three days. They finally compromised some of the most material of the disagreeing votes between the two Houses.

The most material change made was to require the *duties of imports to be paid in coin*, and held as a fund to pay the *interest in coin* on the funded debt, thereby doing away with the necessity of forcing the bonds on the market to procure coin for that purpose. Several other alterations and amendments were agreed to in the Committee of Conference.

On the 24th, Mr. Stevens reported to the House the action the Conference Committee, which was agreed to—yeas 97 ; nays 22. On the 25th, Mr. Fessenden made the same report in the Senate which was agreed to by the Senate without a division ; and on the same day President Lincoln approved the bill, and thus the Legal Tender act, after a most able and determined opposition, became a law.

It is not deemed important to set forth in detail the several amendments and compromises made in the Committee of Conference. A copy of the bill as it passed the House on the 6th inst. will be found on page 96, and the following is a copy of the bill as it finally passed both Houses, and became a law. By comparing them, the amendments made after the bill first passed the House will fully appear :

*“ An Act to authorize the issue of United States notes, and for the redemption or funding thereof, and for funding the floating debt of the United States.”*

*Be it enacted by the Senate and House of Representatives of the United States in Congress assembled, That the Secretary of the Treasury is hereby authorized to issue on the credit of the United States one hundred and fifty millions of dollars of United States notes, not bearing interest, payable to bearer, at the Treasury of the United States, and of such denominations as he may deem expedient, not less than five dollars each.*

*Provided, however, that fifty millions of said notes shall be in lieu of the demand Treasury notes authorized to be issued by the act of July 17th., 1861, which said demand notes shall be taken up as rapidly as practicable, and the notes herein provided for substituted for them ; and*

*Provided further, That the amount of the two kinds of notes together shall at no time exceed the sum of one hundred and fifty millions of dollars ; and such notes herein authorized shall be receivable in payment of all taxes, internal duties, excises, debts and demands of every kind due to the United States, except duties on imports, and of all claims and demands against the United States of every kind whatsoever, except for interest upon bonds and notes, which shall be paid in coin ; and shall also be lawful money and a legal tender in payment of all debts, public and private, within the United States, **except duties on imports and interest** as aforesaid ; and any holder of said United States notes depositing any sum not less than fifty dollars, or some multiple of fifty dollars, with the Treasurer of the United States, or either of the Assistant Treasurers, shall receive in*

exchange therefor duplicate certificates of deposit, one of which may be transmitted to the Secretary of the Treasury, who shall thereupon issue to the holder an equal amount of bonds of the United States, coupon or registered, as may by said holder be desired, bearing interest at the rate of six per centum per annum, payable semi-annually, and redeemable at the pleasure of the United States after five years, and payable twenty years from the date thereof ; and such United States notes shall be received the same as coin, at their par value, in payment for any loans that may be hereafter sold or negotiated by the Secretary of the Treasury, and may be re-issued from time to time as the exigencies of the public interests shall require.

§ 2. *And be it further enacted*, That to enable the Secretary of the Treasury to fund the Treasury notes and floating debt of the United States, he is hereby authorized to issue on the credit of the United States coupon bonds or registered bonds, to an amount not exceeding five hundred million dollars, and redeemable at the pleasure of the United States after five years, and payable twenty years from date, and bearing interest at the rate of six per centum per annum, payable semi-annually ; and the bonds herein authorized shall be of such denomination, not less than fifty dollars, as may be determined upon by the Secretary of the Treasury ; and the Secretary of the Treasury may dispose of such bonds at any time at the market value thereof, for lawful money, the coin of the United States, or for any of the Treasury notes that have been, or may hereafter be, issued under any former act of Congress, or for the United States notes that may be issued under the provisions of this act ; and all stocks, bonds, and other securities of the United States held by individuals, corporations or associations within the United States, shall be exempt from taxation by or under State authority.

§ 3. *And be it further enacted*, That the United States notes and the coupon or registered bonds authorized by this act shall be in such form as the Secretary of the Treasury may direct, and shall bear the written or engraved signatures of the Treasurer of the United States and the Register of the Treasury, and also, as evidence of lawful issue, the imprint of a copy of the seal of the Treasury Department, which imprint shall be made under the direction of the Secretary, after the said notes or bonds shall be received from the engravers, and before they are issued ; or the said notes and bonds shall be signed by the Treasurer of the United States, or for the Treasurer, by such persons as may be specially appointed by the Secretary of the Treasury for that purpose, and shall be countersigned by the Register of the Treasury, or for the Register, by such persons as the Secretary of the Treasury may appoint for that purpose ; and all the provisions of the act entitled 'An act to authorize the issue of Treasury notes, approved the twenty-third day of December, eighteen hundred and fifty-seven, so far as they can be applied to this act, and not inconsistent therewith, are hereby revived and re-enacted ; and the sum of three hundred thousand dollars is hereby appropriated, out of any money in the Treasury not otherwise appropriated, to enable the Secretary of the Treasury to carry this act into effect.

§ 4. *And be it further enacted*, That the Secretary of the Treasury may receive from any person or persons, or any corporation, United State notes on deposit for not less than thirty days, in sums of not less than one hundred dollars, with any of the assistant treasurers or designates depositaries of the United States authorized by the Secretary of the Treasury to receive them, who shall issue therefor certificates of deposit, made in such form as the Secretary of the Treasury shall prescribe, and said certificates of deposit shall bear interest at the rate of five per centum per annum ; and any amount of United States notes so deposited may be withdrawn from deposit at anytime after ten days' notice on the return of said certificates ; *Provided*, that the interest on all such deposits shall cease and

determine at the pleasure of the Secretary of the Treasury ; and *Provided further*, that the aggregate of such deposits shall at no time exceed the amount of twenty-five million dollars.

§ 5. *And be it further enacted*, That all duties on imported goods which shall be paid in coin, or in notes payable on demand, heretofor authorized, to be received and by law receivable in payment of public dues, and the coin so paid shall be set apart as a special fund, and applies as follows :—

First—To the payment in coin of the interest on the bonds and notes of the United States.

Second—To the purchase or payment of one per centum of the entire debt of the United States, to be made within each fiscal year after the first day of July, 1862 ; which is to be set apart as a sinking fund ; and this interest of which shall in like manner be applied to the purchase or payment of the public debt, as the Secretary of the Treasury shall from time to time direct.

Third—The residue thereof to be paid into the Treasury of the United States.

§ 6. *And be it further enacted*, That if any person or persons shall falsely make, forge, counterfeit, or alter or cause or procure to be falsely made forged, counterfeited or altered, or shall willingly aid or assist in falsely making, forging, counterfeiting or altering any note, bond, coupon, or other security issued under the authority of this act, or heretofore issued under acts to authorize the issue of Treasury notes or bonds ; or shall pass, utter, publish or sell, or attempt to pass, utter, publish or sell, or bring into the United States from any foreign place, with the intent to pass, utter, publish or sell, or shall have or keep in possession, or conceal, with intent to utter, publish or sell, any such false, forged, counterfeited, or altered note, bond, coupon, or other security, with intent to defraud any body, corporate or politic, or any other person or persons whatsoever, every person so offending shall be deemed guilty of felony, and shall, on conviction thereof, be punished by fine not exceeding \$5,000, and by imprisonment and confinement to hard labor not exceeding 15 years, according to the aggravation of the offence.

§ 7. *And be it further enacted*, That if any person, having the custody of any plate or plates, from which any notes, bonds, coupons, or other securities mentioned in this act, or any part thereof, shall have been printed, or which shall have been prepared for the purpose of printing any such notes, bonds, coupons, or other securities, or any part thereof, shall use such plate or plates, or knowingly permit the same to be used for the purpose of printing any notes, bonds, coupons, or other securities, or any part thereof, except such as shall be printed for the use of the United States, by order of the proper officer thereof ; or if any person shall engrave, or cause or procure to be engraved, or shall aid in engraving any plate or plates in the likeness or similitude of any plate or plates designed for the printing of such notes, bonds, coupons, or other securities, or any part thereof ; or shall vend or sell any such plate or plates, or shall bring into the United States, from any foreign place, any such plate or plates, with any other intent, or for any purpose, in either case, than that such plate or plates shall be used for printing of such notes, bonds, coupons, or other securities, or some part or parts thereof, for the use of the United States ; or shall have in his custody or possession any metallic plate, engraved after the similitude of any plate from which any such notes, bonds, coupons, or other securities, or any part or parts thereof, shall have been printed, with intent to use such plate or plates, or cause or suffer the same to be used, in forging or counterfeiting any such notes, bonds, coupons, or other securities, or any part or parts thereof, issued as aforesaid ; or shall have in his custody or possession, any blank note or notes, bond or bonds, coupon or coupons, or other security or securities, engraved and printed after the similitude of any

notes, bonds, coupons, or other securities, issued as aforesaid, with intent to sell or otherwise use the same ; or if any person shall print, photograph, or in any other manner execute or cause to be printed, photographed, or in any manner executed, or shall aid in printing, photographing or executing any engraving, photograph or other print, or impression, in the likeness or similitude of any such notes, bonds, coupons, or other securities, or any part or parts thereof, except for the use of the United States and by order of the proper officer thereof, or shall vend or sell any such engraving, photograph, print, or other impression, except to the United States, or shall bring into the United States from any foreign place any such engraving, photograph, print, or other impression for the purpose of vending or selling the same, except by the direction of some proper officer of the United States ; or shall have in his custody or possession any paper adapted to the making of such notes, bonds, coupons, or other securities, and similar to the paper upon which any such notes, bonds, coupons, or other securities shall have been used, with intent to use such paper, or cause or suffer the same to be used in forging or counterfeiting any of the notes, bonds, coupons, or other securities, issued aforesaid, every such person so offending shall be deemed guilty of felony, and shall, on conviction thereof, be punished by fine not exceeding five thousand dollars, and by imprisonment and confinement to hard labor not exceeding fifteen years, according to the aggravation of the offence.

Approved February 25, 1862.  
A. LINCOLN.”

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## Passage of the Treasury note bill.

SAMUEL WILKESON TO THE N.Y. TRIBUNE.

WASHINGTON, Tuesday, Feb. 25, 1862.

“ The Conference Committee of the Treasury note bill having concurred, and Mr. Washburne having defeated another endeavor to adjourn the House yesterday as early as two o'clock, the prospect of an invigoration of the war by a supply of money, and the payment of soldiers and contractor was good. The bill as agreed upon by the conferees authorizes the issue of \$150,000,000 of Treasury notes, uniform in similitude, and a legal tender in the payment of all debts, public and private. It withdraws the fifty millions of the July issue as soon as it conveniently can be done, makes the new notes fundable at any time in six per cent. twenty years bonds, redeemable at the pleasure of the United States after five years ; makes the interest on the bonds and notes payable in coin, and (a new feature) makes the duties on imports also payable in coin, and devotes them to the payment of the interest on the notes and bonds, and the creation of a sinking fund by setting apart one per cent. of the amount. The provisions insisted on by the Senate authorizing the Secretary of the Treasury to sell six per cent. bonds for what they will fetch, in order to raise coin for interest, is retained in the bill. All the funded debt exempted from taxation. Authority is given to temporarily deposit demand notes to the extent of twenty-five millions, on an interest of six per cent. after thirty days. The bill has gone through both Houses, and it is supposed, will receive the President's signature to-night. An influence from New York sent the bill back again to the Senate this morning for an amendment that should permit sixty millions of Treasury notes be used for the payment of custom duties, the fifty millions authorized July, and the temporary relief ten millions

authorized this month. This was adopted and accepted by the House, and it is to be hoped that the President will now have a chance to sign the bill, and the abused public creditors get their pay.

It is but just to say, that to the patient labor of the Hon. E.G. Spaulding the country is greatly indebted for the early maturity of this finance measure, and for what vigor has been displayed in its passage through Congress.”

#### TEMPORARY DEPOSITS IN SUB-TREASURY.

It will be noticed that by the 4th section of the Legal Tender act the Secretary of the Treasury was authorized to receive deposits in the sub-Treasury to the amount of \$25,000,000, in sums of not less than \$100, at five per cent. interest, with the privilege to the depositors of drawing it out again at any time, on ten days notice, after thirty days. This was but another form of borrowing money by the Government at a low rate of interest. Its operation at the sub-Treasury was somewhat like that of a Saving's Bank, and the privilege was largely availed of by banks, insurance companies and individuals. It became a very popular mode of temporary investment for corporations and individuals, and although it operated against funding in the 5-20 bonds, yet it became an advantageous mode for the Government to borrow large sums of money. It became so popular that on the 17th of March, 1862, the authority to receive these deposits was increased to \$50,000,000.

On the 11th of July following the power was enlarged to \$100,000,000 ; and by the act of January 30, 1864, the authority was still further enlarged to \$150,000,000, and the Secretary was authorized to pay as high as six per cent. on these deposits. Certificates were issued to the persons making the deposits, which were circulated to some extent at the Clearing Houses, and among individuals, which was one mode of increasing the credit circulation of the country, and thereby aiding the general inflation which commenced with the passage of the legal tender act. These deposits reached at one time the sum of \$120,176,196.

#### CERTIFICATES OF INDEBTEDNESS.

The issue of CERTIFICATES OF INDEBTEDNESS at one year, was another expedient resorted to for borrowing money, and was another mode of increasing the credit circulation of the Government. By the act of March 1, 1862, the Secretary of the Treasury was authorized to issue to creditors, who were willing to receive them, 'in satisfaction of audited and settled demands against the United States,' certificates of indebtedness (in effect promissory notes,) in sums of not less than \$1,000 each, payable in one year at six per cent. interest. And by the act of the 17th of March, 1862, this power was enlarged, so as to embrace checks drawn in favor of creditors by 'disbursing officers upon sums placed to their credit on the books of the Treasurer.' The power thus

conferred on the Secretary to issue certificates of indebtedness for these purposes was broad and unlimited. The certificates issued under these two acts were in the similitude of bank notes fitted for circulation as money, and did circulate to a considerable extent as currency until there was such an accumulation of interest upon them as to make it an object for capitalists to hold them as an investment. The Secretary commenced issuing these certificates simultaneously with the issue of Legal Tender (greenback) notes, and continued to issue them in large amounts during the progress of the war, which was advantageous to the Government, but at the same time was another fruitful source of inflation, and operated directly against any considerable funding in the long 5-20 bonds. The amount of indebtedness in this form on the first of November, 1864, was \$238,593,000, being an amount greater than the market would bear ; they were consequently depreciated and considerably below par.

**continue**

APPENDIX.

MR. SPAULDING'S SPEECH ON THE NATIONAL CURRENCY BANK BILL, FEBRUARY 19, 1863.

“ Mr. SPEAKER—This is a very important bill, and I may be indulged in a few remarks upon its scope and objects. I have already stated in the debate on the finance bill that I had no doubt of the constitutionality of the national bank bill proposed by the Secretary of the Treasury, nor had I any doubt that State banks were also constitutional ; that both systems of banking might be useful within their sphere of action, and that I was willing that the country should have both kinds of banking ; that inasmuch as the National Government had hitherto failed to establish a permanent system of national banking, State banks had, as a necessary means of commerce and the operations of State governments, become firmly established, and that the Supreme Court of the United States, by repeated decisions, held that they were constitutional and legitimate State institutions.

The coercive features in the pending bill against State banks having been stricken out, I intend to give it my vote ; not because I think it will afford any considerable relief to the Treasury in the next two or three years, or that it will in any manner lessen the issue of paper money, but because I regard it as the commencement of a permanent system for providing a national currency that will, if wisely administered, be of great benefit to the people, and a reliable support to the Government in the future.

The President, in his annual message, and the Secretary of the Treasury, in his annual report, recommend the passage of a free banking law, authorizing the issue of a national currency which shall be of uniform value in all parts of the country, and to be secured by a pledge of United States stocks, deposited in the Treasury of the United States. The bill, in all its essential features, is like the free banking law of the State of New York, which has been in successful operation in that State since 1838. Legal tender notes issued direct from the Treasury, without the agency of a bank, constitute a national currency uniform in value, in all parts of the United States, and bearing no interest, is an advantageous loan to the Government by the people who receive and circulate this kind of currency. These legal tender notes are based solely on the faith of the Government and all the taxable property under the jurisdiction of the United States. If Congress performs its duty by imposing taxes on this property, and the Executive enforces the collection thereof, all these notes will be ultimately redeemed and retired from circulation.

These notes are declared by law to be money, and they circulate as money in all parts of the United States. The free banking law is proposed by the Executive for the purpose of combining private capital with the credit of the Government in the issue of bank bills, similar in all respects to legal tender notes. The only difference between them will be that the legal tender notes have only the United States Government to provide for their redemption, while the bank bill, when issued, will have, in addition to the liability of the Government, the direct promise of the banking associations issuing them that they will redeem them on presentation at the bank,

not in specie, certainly, during the suspension of specie payments, but in legal tender notes, and after a general resumption of specie payments by the banks and the Government, then to be redeemed in coin. Legal tender notes issued direct from the Treasury constitute a loan to the Government without interest. Bank notes, under this bill, would be loaned to the Government and the people at six and seven per cent. interest. We give to the banking associations the interest on the national currency issued by them, as an inducement to them to form these associations and become liable for its redemption. Instead of the Government issuing this national currency direct to the soldiers and other creditors without interest, it sells its own six per cent. bonds to the banking associations, and takes its pay in legal tender notes ; the banking associations take the six per cent. bonds from the Secretary of the Treasury and deposit them with the Treasurer, and thereupon the Comptroller of the Currency furnishes to such banking associations the national currency, the Treasurer holding the bonds as security for their redemption.

This national circulation is, then, money owned by such associations, like any other bank bills. They may be loaned to the people or the Government, like any other money belonging to a bank ; and when loaned, the banking associations get six or seven per cent. interest for its use. The associations also draw the interest on the bonds previously hypothecated with the Treasurer. By this operation the associations gain, first, six per cent. interest on its loans ; and second, six per cent. interest on the bonds hypothecated with the Treasurer. In this way the banking associations get ten or twelve per cent. gross interest per annum, and the Government pays six of it on the bonds sold to the associations, and which are hypothecated with the Treasurer. The Government gives this bonus and the privileges of banking to capitalists, to induce them to combine their credit with the credit of the Government in issuing this national currency, and providing for its redemption, during suspension, in legal tender notes, and after resumption of specie payments, in coin. The Secretary of the Treasury, in his annual report, recommends ' the organization of banking associations to supply circulation secured by national bonds, and convertible always into United States notes, and after resumption of specie payments into coin.'

The additional advantages held out by the bill to induce rich men, men of accumulated capital, to join the Government in maintaining this national currency, are :

1. The national character given to the bills to circulate at par in all parts of the United States.
2. It is made receivable at par for all internal taxes and all other dues to the Government, except customs, and payable to the army and navy ; and all other creditors of the Government.
3. The banking associations are to be exempt from all State and United States taxation, and only pay two per cent. per annum for engraving, paper, and printing their circulating notes, and which is to include all the other expenses of the Currency Bureau at Washington.

On a full review of this proposed plan of a national currency, it will be seen that it is based on public and private faith ; that it proposes to combine the interest of the nation with the rich individuals belonging to it. Men of surplus capital only can profitably engage in the business of banking. If speculators and adventurers, without positive capital, attempt to bank under this bill they will fail. Money-lenders, and not money-borrowers, can successively organize and manage banking associations under the provisions of this act.

How far it will be found practicable to extend the organization of associations on the credit of

the public and of individuals, can only be ascertained by the experiment. **A banking association of \$100,000,000 capital, all paid in by wealthy individuals, and firmly established in the city of New York, and acting, as the fiscal agent of the Treasury Department, would be a most valuable support to the credit of the Government.** It might be made the depository for all the public moneys in that city. It might receive the public moneys derived from loans, from customs and internal taxes, and disburse all these moneys to the creditors of the Government. This would give the moneyed men who are stockholders of the bank an immediate pecuniary interest in upholding the credit of the Government. Similar organizations in Boston, Philadelphia, New Orleans, and other principal cities of the Union might be made with less amount of capital, and, in like manner, become fiscal agents of the Government in those cities. The Bank of England is a striking example of the combined power of public authority and private influence in sustaining the credit of the Government. We may safely profit by this example. This bank has been the chief agent in sustaining the British Government, in the long and exhausting wars in which she has been engaged. The Bank of England is the fiscal agent of the British Government, and notwithstanding it is a bank of discount, deposit and circulation, it has thus far received and disbursed the public moneys without the loss of a dollar of the money entrusted to it.

It is also well known that our Government never lost any of the money deposited in the first or second Bank of the United States. They were both fiscal agents of the Government. All the public money was received and disbursed by them with fidelity and usefulness to both parties. Sound and well-managed banks tend to increase public and private credit, and extend as well as to facilitate commerce with States and individuals. They stimulate industry, commodities are multiplied, agriculture, mining, and manufactures flourish ; these constitute the true wealth, greatness, and prosperity of the country.

I have no doubt that the framers of the Constitution contemplated a national currency adequate to the wants of the general Government, and that for all national purposes it has the power to control and regulate the currency. In all Government transactions it has the right not only to provide by law for issuing the kind of currency that shall be received for taxes, custom duties, and all other dues to the United States, but also the kind of money that shall be paid to the army and navy, and all other creditors of the Government. If there had been established years ago a sound national bank of \$200,000,000 capital, which had been in full operation as the fiscal and financial agent of the Government at the time of the breaking out of the present rebellion, what a mighty support it would have been in sustaining the Government at the present time ! The independent Treasury law unnecessarily isolated the Government from all the capitalists and the accumulated capital of the country.

At the very outset of this rebellion there was no money in the Sub-Treasury, and, notwithstanding the hostility heretofore and now manifested toward State banks, the Government was obliged to resort at once to the State banks in New York, Boston and Philadelphia, for money to prosecute the war. The States had fostered and built up strong State institutions, while the general Government had been vacillating and weakened by conflicting views and opinions as to the constitutionality and policy of a national bank. It is now most apparent that the policy advocated by Alexander Hamilton, of a strong central Government, was the true policy. A strong consolidated Government would most likely have been able to avert this rebellion ; but if not able to prevent it entirely, it would have been much better

prepared to have met and put down the traitorous advocates of secession and State rights, who have forced upon us this unnatural and bloody war. A sound national bank, upheld and supported by the combined credit of the Government and rich men residing in all the States of the Union, would have been a strong bond of Union before the rebellion broke out, and a still stronger support to the Government in maintaining the army and navy to put it down.

Sir, the United States Government has thus far established no permanent system of national currency except that of gold and silver. Ever since the adoption of the Constitution there has been a conflict of opinion among the ablest statesmen of the country upon the question of a national currency. Jefferson opposed the creation of all banks, both State and national. Alexander Hamilton proposed a national bank during the struggle for American independence in 1780, but his suggestions were not then adopted. During Washington's administration, in 1791, the first Bank of the United States was incorporated, mainly under the influence of Mr. Hamilton, which continued in operation until 1811, when its charter expired. No national bank was in existence during the second war with Great Britain. That war was carried on by loans and by the issue of Treasury notes. In 1816, the second Bank of the United States was chartered, and continued in existence until 1836, when its charter again expired. All will remember the decided opposition of General Jackson to its re-charter, and the fierce struggle that ensued between the friends and opponents of a United States bank. The friends of the bank were finally beaten when Jackson was re-elected President in the fall of 1832. The friends of a United States bank again rallied in 1840-41, but were again defeated by the veto of John Tyler. In 1846 the independent Treasury law was finally adopted, by which it was established that the operations of the Government should thereafter be carried on wholly in gold and silver coin, and that this money of the Government should be kept separate from all banks and banking transactions. Thus the law continued up to the session of the present Congress. No settled policy has as yet been established by which the Government has assumed permanent control over the national currency. State banks still go on issuing circulating notes, selling exchange, discounting promissory notes and bills, and receiving deposits, and the Sub-Treasury law is still unrepealed. A national currency, adequate to the operations of the Government in *peace* and *war*, has yet to be established. It seems that the present is a propitious time to enact this great measure as a permanent system, and that the duty of the Government in providing a national currency shall no longer be neglected.

Sir, the Government of the United States ought not to depend on State institutions for the execution of its great powers. In the administration of the high prerogatives conferred by the Constitution, this Government need not depend at all upon State officers, State institutions, or State laws. Its own powers and its own means, if brought into active exercise, are fully adequate to the ends for which the Government was established. In the long interval of peace many of the powers granted in the Constitution have not been fully exercised, nor was it necessary during peace to put them fully into execution. But now, when engaged in a gigantic war, when the very existence of the Government is in such imminent peril, it is of the highest importance that it should exert all those great powers to maintain itself, preserve its own dignity, and enforce its own prerogatives. Congress and the Executive cannot fail now to do all in their power to save the Government and restore the national Union.

Sir, this Government has power to issue a national currency entirely independent of State authority ; power to support armies independent of Governors of States or State laws ; power

to provide and maintain a navy in like manner ; and power to regulate commerce with foreign nations, among the several States, and with the Indian tribes. These great powers may, by means of proper legislation, be made to operate directly upon the people independently of State boundaries or State sovereignty. Under the power 'to raise and support armies' we may provide for calling the able-bodied men of the nation directly into the army of the United States, and without the aid of Governors of States ; and in like manner the navy may be increased. As a necessary means for 'supporting' such an army and 'maintaining' such a navy, we may provide for the issue of a national currency, through the agency of banks, or by the issue of legal tender notes direct from the Treasury. Either mode will require about the same amount of currency to be issued to pay the army and navy ; either mode will be constitutional ; and it is in the sound discretion of Congress to decide which is the best mode of providing the means for carrying on the Government in the present exigency.

Sir, all the powers conferred on the general Government are self-acting, self-sustaining, and wholly independent of State authority ; and when enforced by men of will, strong nerves, enlightened self-reliance, energy, and ability sufficient to put them into active exercise, are fully adequate to the putting down of this gigantic rebellion and maintaining the Constitution and laws over all the thirty-four States and the Territories included in the national Union. The duty of putting these constitutional powers into active exercise devolves upon Congress and the Executive. Congress cannot fail to perform every duty devolved upon it in the present great emergency.

In the absence of a national bank the State banks have been liberal in making loans to the Government since the war begun. It has been ascertained from reliable data that on the 19th day of January, 1863, the banks in the State of New York alone held United States securities to the amount of \$153,637,174 ; being \$45,000,000 more than the entire capital of all the banks in the State, their capitals being only \$108,606,062. This shows the ability and willingness of the banks in New York to support the Government in her present peril. There is in the present imperiled condition of the Union more distrust of the stability of the general Government than there is of the State Governments. Some doubt exists, owing to divisions at the North, as to our final success in crushing the rebellion. Could you make it certain that the Union will be preserved, and the national jurisdiction maintained over all the thirty-four States and the \$16,000,000,000 of taxable property therein, which is liable for our public debt, excluding therefrom the debt of the rebel government, said to be \$900,000,000, the six per cent. bonds of the United States would not be five per cent. below par, while the six per cent. bonds of the State of New York are worth a premium of twenty-eight per cent. Capitalists are naturally timid, and will hesitate about entering into new projects until they can see the way clear. They desire to know that the Union is to be maintained and the Government perpetuated. Being fully assured of this, your bonds will be immediately above par, and there will be less difficulty in organizing banking associations and carrying this act into effect.

Sir, banking is eminently a practical business. To be successful, it must be based on accumulated capital, and conducted by practical men, who are intimately acquainted with the commerce and business of the country. Finance and financial questions must all be finally brought to a practical standard. However fine spun the theories of visionary men may be, they cannot now be relied on to provide money in the present exigency to pay the army and navy and other needy creditors of the Government. Our plan of finance must be simple, efficient and

practical. It consists of two parts, debts and taxation, namely :

1. Contracting debts for the supply of the army and navy, issuing legal tender notes, and borrowing money in some form on the faith of the Government.
2. Taxation on the entire property, commerce, and business of the country, amply sufficient to pay the principal and interest of all the debts which have been or may be contracted on the faith of the Government.

Sir, no theories can be imagined, nor shifts made that will be allowed to evade the tariff on imports and internal taxes on property and business adequate to the payment of the entire debt contracted, both principal and interest. The property and business of the country are amply sufficient for this purpose ; but it will require a strong, stable Government, wisely administered, to adjust and enforce the collection of so large an amount of taxes as will be required to pay the extraordinary war debt that must be contracted to crush the rebellion and restore peace and tranquility over the whole Union. I have no doubt that the patience and energies of the people are to be taxed to the utmost before the Union is restored and we be assured of future loyalty in all the southern States. You are not yet able to collect taxes in the disloyal States without the aid of a powerful army. Before you can be assured of loyalty in the rebellious States, Union State Governments must be established and maintained in each of them. To do this will require a large army for many years. Until you can collect your taxes in all the rebel States without the aid of military force the rebellion is not subdued.

Many of our friends express sanguine expectations of immediate relief from the passage of this national bank bill, and I should be much gratified to know hereafter that their expectations have been fully realized. But, sir, in my judgment, the Secretary of the Treasury must not place too much reliance upon this plan. It will not give much relief to the Treasury for one, two, or three years. It will not to any considerable extent, supersede the necessity for the issue of Treasury notes. It will go into operation slowly. The Government having heretofore failed to provide a national currency, the State banks in the older States have been organized, become deeply rooted, and firmly established. It will take a long time to supplant these banks. Every coercive or violent attempt to do so will do more harm than good. This new system will come in competition not only with existing institutions, but will encounter the prejudices of a large class of people who are hostile to banks, and especially hostile to a United States bank. It will be towards the close of the war, when the Government is firmly established and its authority respected in all the States, that it will be most valuable in providing a way for funding the public debt and establishing a permanent system of national currency. It is chiefly on this ground that I am induced to support the bill at this time. It is more for the benefits to be realized in the future than during the pending war, that I am induced to give it my support.

Debt and taxation are the inevitable necessities of war. Hence the importance of a reunion of all parties in a vigorous prosecution of the war, in order to crush the rebellion in the shortest time and with the least possible expenditure of blood and treasure. This is the only way to stop the burdens and calamities of the present war. Fight vigorously and in earnest while the war lasts. Every consideration of duty and patriotism require all the loyal people to come at their country's call, to fight the rebels forthwith, by all the means within the range of civilized warfare, to save us from a protracted war, save the further effusion of blood, and stop the vast expenditures which must, unless speedily terminated, burden present and future generations. We need more economy in the management of the war. It is manifest there is not that close

supervision and scrutiny over the expenditures that are necessary. Every man in the service should be required to perform with fidelity the duties devolved upon him. All supernumerary officers and men should be dispensed with. All disbursing officers should be held to a rigid economy and strict accountability. As we approach the termination of this war the expenses must be greatly reduced, and preparation made for a resumption of specie payments. Our public debt will then appear in all its vast proportions, for it must all be paid ultimately in gold and silver. This makes it necessary for us to cut off all unnecessary expenses of every kind. Every day that the war is prolonged the debt is largely increased. The daily increasing debt of \$2,500,000 must all be raised by taxation in some form, or the debt will not be paid. The Government is spending at a fearful rate the accumulations of former years of prosperity. Every dollar of debt contracted becomes a first mortgage upon the entire property and productive industry of the country. It affects the farmer, laborer, mechanic, manufacturer, merchant, banker, commission merchant, professional man, and retired capitalist. Every pound of tea, coffee and sugar used is taxed to pay the expenses of the war, and the persons using these articles of daily consumption pay the tax in the increased price. Every person that uses wine, brandy, whisky, beer, cigars, or tobacco, pays a portion of the war tax. All necessary articles of dress, such as shoes, boots, hats, and wearing apparel, are taxed in like manner, and all superfluous and unnecessary articles, such as silks, laces, diamonds and jewelry, are heavily taxed, and I would be glad to see the tax still further increased on them, in order to prevent, if possible, their use at this time.

Every person that rides upon the railroads, reads a newspaper, draws a check, or sends a telegraphic message, is taxed for war purposes. But I need not further enumerate the different modes in which every body is taxed every day to pay the expenses of the war.

Sir, this war debt is a mortgage alike on all the productive industry and property of Republicans, Democrats, old line Whigs, conservatives, and abolitionists. All these classes of persons are taxed alike to pay the war debt. Every Democrat or Republican who chews tobacco, drinks beer or bad whiskey in the sixth ward of New York pays his proportion of the war debt, the same as the conservative who drinks his choice wine on the Fifth Avenue. This war tax is already beginning to be noticed by the people ; but as the war is procrastinated, and the debt increased, the burden will be more deeply felt. While we are running along at forty miles an hour, under the pressure of irredeemable paper, necessarily issued and circulated to prosecute the war, the present taxation is easily paid, and there is a seeming prosperity ; but I can assure gentlemen that a reckoning day will surely come. Look at the immense army in the field, their commissariat, supply vessels, supply trains, ambulance corps, sutlers, teamsters, hangers-on, idlers and assistants of all kinds, extending over a line of military operations of more than four thousand miles, and you will be impressed with two important facts :

1. The enormous expenditures necessary to their present support, and the future bounties and pensions that must be paid.
2. The number of men that are withdrawn from industrial pursuits, and the consequent loss of productive industry which ought to be added to the wealth of the country.

All this immense army add nothing by their labor to the wealth of the country, and the expense of supporting such an army devolves upon those who do labor and those who have already acquired property. What a mighty drain this war is upon the productive energies and resources

of the country. It is, indeed, an exhausting as well as bloody war. Whether it be successful or unsuccessful, vast consequences are involved. If terminated successfully within three years, the Union maintained and the Government perpetuated under the Constitution, the results to flow from such a triumph would amply compensate for all this expenditure of blood and treasure. If it terminates unsuccessfully, the Union divided and the rebel government maintained, the war debt must still be paid ; but no man here is wise enough to predict what results will follow such a calamity.

I am asked almost daily, will the Union be maintained and the national Government perpetuated all over the States and Territories ? I cannot doubt that it will. No efforts of mine certainly shall be wanting to accomplish so desirable a result. I cannot, however, shut my eyes to the formidable character of the rebellion, nor to the difficulties in the way of accomplishing such a result. The inherent difficulties of conquering and subduing so large and intelligent a people, extending over such a wide extent of territory as is contained in the revolted States, are very great. It is very difficult to move and supply large armies. An advance in the enemy's country for any considerable distance always involves the difficulties of keeping the rear line open to the base of supplies. This has been demonstrated in the advances that have been made in attempting to take Richmond. Even the armed occupation of a part of any one of the revolted States does not make the people in the State loyal to the General Government. The hatred of the people in the rebellious States is deep seated and abiding. They have a separate *de facto* confederate government, and separate State governments. As States they revolted from the United States Government, and with their State governments remaining intact and in full force. They still maintain their separate State organizations, with power to enforce their State laws. This insurrection was commenced very differently from most other insurrections. It was not commenced by disorganized bodies of the people, but by the constituted authority of States in their capacity of independent sovereignties. These State authorities had power to suppress immediately the Union sentiments of the people within their jurisdiction, and to enact as well as to enforce any new laws that might be necessary to accomplish their wicked purposes. Hence the formidable character of the rebellion at the outset. It will take a long time to supplant the present State organizations in the revolted States, and to institute new Union State governments in their stead. It can only be accomplished by armed force. It will require a large standing loyal army in the actual occupation of each State. Until Union State governments are organized and permanently maintained in all the Southern States, you cannot hope for a lasting peace.

Sir, it is proper for us to look these difficulties square in the face. All the people in the Northern States ought to look at the formidable character of this rebellion, and act up to the demands of the hour. It will require the active energies of a *united North* to maintain the integrity of the Union. It is unwise, ay, criminal for us, while incurring a debt of \$2,500,000 every day, to deceive ourselves as to the real situation. The business men, at a distance, are going on making money, speculating, buying and selling, almost unconscious of the dangers that surround us. Party organizations are maintained, party platforms set up, and a partisan struggle constantly made for power, wholly inconsistent with the mighty issues involved in the present war. This applies to all parties and all party organizations. The people in the loyal States, without regard to party distinctions, have a common interest and a common destiny ; all are intensely interested in the deadly conflict, all become liable for the debts contracted in the prosecution of

the war, and all must be taxed to pay both principal and interest.

But, sir, the higher inspirations of duty and patriotism impel us to sustain the President in a vigorous prosecution of the war—a war that has been forced upon us by ambitious men, whose chief object is power. Considerations infinitely above mere party or pecuniary gains or losses should compel us to united action. Your country, my country, is in danger of being divided and destroyed. Oaths have been broken, the Constitution defied, and the laws trampled under feet of rebels. ‘United we stand, divided we fall.’ I appeal to gentlemen of all parties to uphold and sustain the constituted authorities in vindicating the majesty of the Constitution and laws over all the States and Territories, from the great lakes to the Gulf of Mexico, and from the Atlantic to the Pacific oceans. This is our country. Let it have one national Government—one destiny.”

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#### REDEMPTION OF NATIONAL CURRENCY-ASSORTING HOUSE.

“ BUFFALO, September 30th, 1865.

Dear Sir—I am in receipt of your favor of the 28th inst., asking me to communicate my views of the plan proposed by the New York banks for the redemption of national currency.

In reply, I would say that I am clearly of the opinion that a prompt redemption of the national currency is necessary to insure success and permanency to the system. No system of banking is safe that does not enforce rigidly the obligation of each bank to redeem its circulating notes on demand. During the suspension of specie payments they are required to be redeemed in legal tender demand notes, and on the resumption of specie payments they must be redeemed in coin. This is one of the requirements of the National Banking Law, which should be strictly enforced, and every sound and well managed bank will no doubt be able and willing to conform to this law, and every weak and badly managed bank should be compelled to live up to its requirements. But in stating these general propositions, which no sound banker will controvert, it does not follow that a combination called an Assorting House is the best mode of compelling them to fulfill its obligation to redeem.

An Assorting House would require large rooms, a great number of clerks ; they would handle a large amount of currency, the expenses would be heavy, and in these times of knavery and fraud, the risk would be very great. And to what end would this assorting process be carried on ? Simply to separate the money of each bank into packages to be sealed up and sent home by an express company for redemption. Is this necessary ? Is it necessary to incur all this expense and risk to secure a prompt redemption of the national currency. Let us consider the subject a little more in detail, and see if a prompt redemption of it cannot be attained under the law as it now stands, or by a proper amendment of it if found defective.

In the first place, it is not necessary to assort and send home this currency for redemption so long as it is required by the people to carry on the business operations of the country. Every time a hundred dollar bill passes from one person to another it is a practical redemption of it by the person who takes it. Every time a merchant at Chicago pays to a farmer \$500 in national currency for a car load of wheat, the farmer by the operation redeems such national currency, not in greenbacks, nor in gold, but in a commodity better than either, namely wheat, a staple article useful to all. So every merchant in New York that sells a bale of cotton goods and

receives his pay for it in currency, redeems such currency, not in the way that banks redeem it, but in cotton goods, which is far better because it performs the true functions of money by facilitating the legitimate sale of commodities. So every time that a merchant or manufacturer pays his internal revenue tax to the United States Collector in national currency, the Government redeems such currency by receiving and discharging such tax. So every mechanic or laborer that receives national currency for his services, redeems such currency by the labor performed. So it will be seen that just so long as the national currency is practically redeemed every day in its passage from hand to hand in the payment of commodities and services and in the ramified operations of trade and business both with the Government and the people whose operations it greatly facilitates, there is not the slightest necessity for resorting to the expensive and risky operation of assorting and sending it home for redemption.

With a proper amendment to the National Bank law, I am clearly of the opinion that it would be unwise to establish an Assorting House, and even without such amendment, I do not think it good policy to establish it. In the first place the Assorting House will be as I have stated, attended with great risk and expense. And in the next place it is opposed to sound policy and will have a mischievous effect upon the legitimate circulation of the national currency. The leading object of the national bank law was to furnish a currency of uniform value and similitude to be used by the Government and people as an instrument to facilitate the exchange of commodities and services, and the collection of internal taxes, in all parts of the United States. It is amply secured by gold bearing bonds deposited with the Treasurer of the United States at Washington. Only ninety per cent. of currency is issued on the amount of bonds hypothecated, thus leaving a margin of ten per cent. for depreciation. **The Government stamps it with the imprint of the Treasury and guarantees the ultimate payment of every dollar put in circulation by any bank, whether such bank is solvent or insolvent. It is made a legal tender for all taxes and other debts due to the Government except customs, and for all debts due from the Government except interest on the funded debt.** All national banks are obliged by law to receive it for all debts due them, and each national bank depository is further obliged to receive it on all Government deposits made in the bank by any public officer. These provisions in the bank law give great advantages and credit to the national circulation over that of State banks. These provisions of the law provide to a considerable extent for a practical redemption of this currency in the every day operations of the Government and people, not only in New York, Boston and Philadelphia, but also in Charleston, New Orleans, St. Louis, Cincinnati, Chicago and Buffalo, and in every other city and village throughout the length and breadth of the whole country. With the facility thus given to the national currency to circulate at par in every part of the United States, and the guarantee of the Government that every dollar of it shall be paid, it passes freely among all classes of people and corporations without any one stopping to enquire whether a particular bank is badly managed or not. The national currency with the pledged security and guarantee of the Government, is good in any event, and is not likely to become a dead weight in any of the banks in the principal cities. If a weak or badly managed bank (like the First National Bank of Attica, for instance) should fail, its creditors may be large losers by the failure, but every dollar of the circulation will be paid, and the notes continue to circulate equally as well after as before its failure. No one ever stopped taking the circulating notes of the First National Bank of Attica, notwithstanding its failure more than six months ago. It is not the bill holder that will lose by the failure of a national bank, but its depositors and other

creditors, hence the security of national currency over all other currency. Thus far the national banking system in respect to its circulation has gone on smoothly. All this currency in miscellaneous packages consisting of the issues of banks in Maine, Minnesota and Tennessee, pass equally well without being assorted, in all parts of the United States. This system of furnishing a circulating medium thus far works as well, or better than was anticipated by its most sanguine advocates. It is fulfilling admirably the great desideratum of a true national currency, so long needed to carry on successfully the business of the enterprising people of this great country.

I should regret very much to see a combination of bankers in any of the principle cities organize an Assorting House to disorganize the harmonious working of this system by assorting this currency, sealing it up in separate packages, and sending it home to each bank issuing it for redemption, unless there should be an imperative necessity for so doing. The tendency of such an operation would be to materially disturb the financial operations of the country. Once begin the operation of assorting currency by a large organized Assorting House in the city of New York, with a large number of clerks under good salaries, and you begin a system that will ultimately draw into its support every bank in the whole country. What will be the operation of such a combination? In the first place it may not be illegal, but is not specially authorized by the national law. In the next place it begins by the city banks sending all national currency received by them to the assorting house, whether necessary or not, to be assorted, sealed up in packages, and sent home to each bank, either through its redeeming agency or directly by express to the bank that issued them. Each bank, on receiving this currency so sent home, is obliged to provide for it either in legal tender greenbacks, which are no safer than national currency, or by drafts which are at par in New York, but generally by providing a fund in advance at a bank in one of the principal cities. As the currency continues to be assorted and sent home, it *creates* the necessity for each bank out of New York to provide more par funds to be placed to their credit ready for redeeming their notes as they shall be again assorted and sent home for that purpose. These banks not being able to make exchange or par funds in other modes, will very soon begin to gather up the circulating notes of other banks, and especially notes issued by other banks in their own locality, and send them to New York for their own credit. These notes, on reaching New York, will again go immediately to the assorting house, and be again counted, sealed up, and sent back by express to the country. As this process of sending money packages to and from New York goes on through the machinery of the assorting house, the volume will continue to increase until every bank in the country will be obliged to contribute directly or indirectly to the support of a combination unknown to the law. It seems to me that the good to be attained by any such combinations will be greatly overbalanced by the mischiefs it will create to the present harmonious working of the system. It would no doubt be a profitable business for the express companies to carry these money packages to New York and back again to the country, but I am greatly puzzled to know how it will be any advantage to the people, the Government, or the banks, either in New York or elsewhere, to carry such a scheme into practical operation. If this combination is adopted, the national currency issued by the banks in New York city which now circulate freely everywhere, will be unnecessarily returned upon them for redemption under the operations of their own assorting house. This will be one of the legitimate results of the system of assorting which cannot be avoided.

I watched with considerable care the working of the system instituted by the Suffolk Bank of

Boston and the Metropolitan Bank of New York, compelling the old State banks to redeem their circulating notes by a similar process. This was no doubt a check against the excessive issues of banks at that time, especially to banks in New England, which were not very strongly restricted by law as to the amount of these issues, but I very much doubt whether even this plan to coerce the redemption of even an inferior currency did not do more hurt in deranging the free and legitimate circulation thereof than it did good in preventing excessive issues. It certainly afforded a fine business for the express companies in carrying money packages to and from New York ; and it is certain also that the activity with which these packages were hurried back and forth, greatly accelerated the panic that occurred in August, September, and the first half of October, 1857 ; until finally the banks in New York, by common consent, ceased sending it home, and took this *secured* currency of the State of New York and made it a basis for Clearing House Certificates, which had an important influence in stopping the panic and restoring confidence.

Upon a full examination of the subject, I arrive at the conclusion that so long as the national currency is required for legitimate business purposes, it will not largely accumulate in the banks of either of the three cities of New York, Boston or Philadelphia, nor will it be sent home for redemption. Thus far it does not appear that there has been a plethora or glut of national currency in either of those cities. But suppose that in the course of a few months there should accumulate a few millions dollars of national currency in those banks more than could be readily disposed of in the operations of the Government and the people, in what manner should it be disposed of ?

In such a contingency, when it does occur, I think the issuing banks should be called upon to redeem their circulating notes, and it seems to me to be right that each bank should be required by law to redeem in the principal city where such surplus currency accumulates, as well as at their own counter.

New York city is the great commercial emporium, and is clearly indicated by the course of business, foreign and domestic, as the proper place for each bank located out of that city, to have an agent for the redemption of its circulating notes.

An amendment to the national banking law can probably be made at the next session of Congress, which shall require all the banks to have an agent for the redemption of their circulating notes in the city of New York, instead of being allowed to select as they now do, any one of the seventeen cities named in the present law. This being accomplished, any bank or individual in New York, or elsewhere, in any city or town in the United States, could send the circulating notes of any bank to the agency selected by it for redemption without the expense and risk of an assorting house, which I think is the true mode of providing for the redemption of the national currency. This would be in accordance with the law, and would, I think, give better satisfaction and better promote the welfare of all concerned.

This is my answer to your request.

Yours truly,  
E.G SPAULDING.

J.U. ORVIS, Esq.,  
Pres't 9th National Bank, New York."

MR. RANDALL'S BILL TO DESTROY NATIONAL BANKS.

BUFFALO, January 22, 1867.

*Hon. H.R. Hulburt, Comptroller of Currency, Washington ;*

Dear Sir—I am much obliged for the information contained in your letter, and I trust you will pardon me for the remarks I am about to make.

I have watched with a good deal of interest the various plans brought forward in Congress, in relation to the National Finances and Amendments to the National Banking Law. Every man in the country is on the lookout to see what is to come next. Everyone engaged in legitimate pursuits wants a fixed policy and steadiness in financial affairs, and yet all are under constant apprehensions, fearing that some scheme will be hastily passed by Congress which will derange monetary affairs, and upset all their business calculations. Many enterprises are postponed. The building of railroads, ships, warehouses, elevators, furnaces, and other manufacturing establishments, are held in abeyance until it can be more clearly seen what is to be done with these schemes, and what is to be the future in regard to financial affairs.

It is obvious that this suspense and apprehension operates very unfavorably upon individuals, as well as upon the revenues of the Government. Congress in its official capacity has thus far acted wisely. It has not passed any of the individual schemes that have been brought forward. It has been content to 'let well enough alone.' It has refused to increase the national currency above \$300,000,000. It has not passed Mr. Randall's grand scheme of repudiating the faith of the Government with the National Banks, and turning the Treasury Department, in time of peace, into a permanent machine, for the issue of an irredeemable paper currency when there is not the least necessity for it, and when all history proves it to be unwise, as tending to retard the resumption of specie payments, and resulting in general financial disaster, bankruptcy and ruin, both to the Government and people. It has refused to pass the twenty pages of pending amendments to the National Bank act, (House Bill No. 771,) which, if passed, would make the law worse instead of better. In short, the Senate and House, as legislative bodies, have submitted to the introduction of these injudicious measures to be talked about, but as yet they have not been unwise enough to let any of them be passed into laws to further disturb existing arrangements under laws already passed, and which, up to the time of the meeting of Congress, were operating very favorably, under a moderate contraction of the currency, in preserving a good degree of steadiness and uniformity in the money market, keeping business steady and prosperous, and enabling the Secretary of the Treasury to establish more certainly the public credit at home and abroad, and make a most favorable exhibit of the national debt. These are matters of great consequence to the welfare of the nation, and I sincerely hope that no hasty or indiscreet measures will be allowed to pass. The people of the country need rest, and in order to secure it I trust that Congress will hold a steady purpose, and not pass laws at one session to be repealed in the next. We are cursed with too much legislation, and I am gratified to see the present Congress holding back on all impracticable schemes. The act of Congress passed on the 12th of April last, it seems to me is a wise and judicious measure. It authorizes the Secretary of the Treasury to dispose of 5-20 gold bonds, and with the proceeds to retire six per cent. compound interest notes, and the plain legal tender greenback currency and other indebtedness of the Government, but not to retire more than \$4,000,000 of greenbacks a month, or \$48,000,000 a year, but without restriction as to the amount of compound sixes that may be retired during any week or month. This law is discretionary with the Secretary of the Treasury.

Power is given him to contract the currency, but he will no doubt use his discretionary power prudently, and not retire either greenbacks or compounds, any faster than it can be done without materially disturbing the legitimate business of the country. His object will be in the future, as it has been during the past year, to keep a steady and uniform money market. This will be a necessity on his part to enable him to successfully carry on the fiscal affairs of the Government. Under a very stringent and panicky money market, the 5-20 bonds would fall below par, thereby stopping conversion of 7-30 into the 5-20 bonds, and this, in view of \$650,000,000 of 7-30s falling due between this and July 15, 1858, would embarrass and derange all the operations of the Treasury Department. The Secretary of the Treasury must therefore, of necessity, be moderate and discreet in contracting the currency under the law of the 12th of April.

The Secretary will no doubt, by a moderate and prudent course of contraction, endeavor to keep the business and industry of the nation in a prosperous condition, in some degree check wild speculation, gradually reduce prices, and bring greenbacks and national currency nearer the specie standard. On this point the Secretary, in his last annual report, makes the following judicious remarks : ' How rapidly the United States notes may be retired must depend upon the effect which contraction may have upon business and industry, and can be better determined as the work progresses. No determinate scale of reduction would, in the present condition of affairs, be advisable. The policy of contracting the circulation of Government notes should be definitely and unchangeably established, and the process should go on just as rapidly as possible without producing a financial crisis, or seriously embarrassing those branches of industry and trade, upon which our revenues are dependent.' As the volume of currency is reduced, it will increase in value, and as soon as the specie standard is reached, the national banks will be obliged to redeem their circulating notes in specie. The Government can retire whenever it seems best, from the field, as an issuer of paper currency, and consequently will not be under the necessity of providing gold and silver to redeem it. The burthen of redeeming the national currency in gold and silver will then be thrown exclusively upon the banks that issue it, and they will be required to keep the necessary reserves of coin for that purpose.

It seems to me that the act of the 12th of April contains all the power for contracting the currency which is necessary to bring the business of the country back to the specie standard, as it was before the rebellion. It may take three years, five years, or even ten years, to accomplish that result. When the old uniform standard of gold and silver is reached, and prices and the business of the country are again based thereon, national banks will take the place of State banks in the issue, circulation and redemption of the currency necessary to carry, on the fiscal affairs of the Government and people. The Treasury Department will be relieved from a duty that was forced upon it as an imperative necessity during the war, and the Government left to perform its legitimate functions under the Constitution, the currency being thereafter regulated by the wants of trade and industrial pursuits.

**It was never intended by the originators of the legal tender acts that the issue of an irredeemable paper currency should ever become the permanent policy of the Government. In the opening speech I made in the House on the 28th of January, 1862, on the bill introduced by me, I said that 'the bill before us is a war measure ; a measure of necessity and not of choice, presented by the Committee of Ways and Means, to meet the most pressing demands upon the Treasury, to sustain the army and navy, until they can make a vigorous advance upon the**

**traitors and crush out the rebellion. These are extraordinary times, and extraordinary measures must be resorted to, in order to save our Government and preserve our nationality.'**

The Credit of the Government, by the legal tender act, was brought into immediate requisition, and in the most available form to provide ways and means for sustaining the army and navy to crush the rebellion. It was in effect a forced loan from the people to the Government, in a most perilous period in our history, and was justified mainly on the ground of imperative necessity. It was a temporary measure passed in a most pressing exigency, and should not be continued any longer after peace is restored than seems to be necessary to conduct us safely back to that standard of value, which is recognized by all the nations of the world.

In the speech to which I have above referred, I further said, 'a suspension of specie payments is greatly to be deplored, but it is not a fatal step in an exigency like the present.'

'The British Government and the bank of England remained under suspension of specie payments from 1797 to 1821-2, a period of twenty-five years ;—gold is not as valuable as are the productions of the farmer and mechanic, for it is not as indispensable as are food and raiment. Our army and navy must have what is more valuable to them than gold or silver, they must have food, clothing and the material of war. Treasury notes issued by the Government on the faith of the whole people, will purchase these indispensable articles, and the war can be prosecuted until we can enforce obedience to the Constitution and laws and an honorable peace be thereby secured. This being accomplished, I will be among the first to advocate a speedy return to specie payments, and all measures that are calculated to preserve the honor and dignity of the Government in time of peace, and which I regret are not practicable in the prosecution of this war.'

The national banking law, passed to continue for twenty years, was intended as a permanent system. It was intended that it should take the place of the State banks, in furnishing a solvent national currency of uniform similitude and value for the whole country. The arguments put forth in the last annual reports of yourself and the Secretary of the Treasury in favor of sustaining the national bank currency seem to me to be cogent and conclusive. I advocated the national bank law, not for any immediate relief it would give to the Treasury, but as a permanent system of currency and banking. In the remarks which I made in the House on the day of the passage of the bill, I said 'that I should vote for it, not that I think it will afford any considerable relief to the Treasury in the next two or three years, but because I regard it as the commencement of a permanent system for providing a national currency that will, if wisely administered, be of great benefit to the people, and a reliable support to the Government in the future.'

All the advocates of the legal tender act while it was pending in Congress, based their arguments upon the necessity of its passage as a temporary relief to the Treasury during the war, and not as a permanent policy of the Government. On the contrary, the national banking law was advocated as a permanent system of national currency and banking for the whole country. The State banks in this and other States, especially the banks in the State of New York, gave up their State organizations with great reluctance. But in consequence of the law which taxed State circulation out of existence, the State banks were obliged to come under the national banking law for self-preservation, a law which on its face was to continue for twenty years.

It has taken something over three years to put in successful operation about 1,650 national

banks under one system, and which are directly under the control and regulation of the officers of the Government at Washington. A few of the banks have but recently perfected their organizations and obtained from the Department their circulating notes. Before the ink is fairly dry on the last issue of national currency we are startled with a bill reported from the bank committee in the House to emasculate and destroy this system of national banking. I say destroy it, for no man at all conversant with the advantages of private banking and its freedom from taxation and other restrictions, would consider it any inducement to remain under the inquisitorial supervision imposed by the national banking law, if the right to issue circulating notes is taken away from them. These banks have been organized in good faith by the stockholders Under the national law, because in the first place State bank circulation was killed by United States taxation, and in the next place great inducements were held out to them for a national circulation to continue twenty years. What a breach of faith on the part of the Government in holding out inducements to organize under this law, killing off the State banks first, and then turning a short corner to kill off the national banks, children of its own creation. Are all the rights which the stockholders of the banks have acquired under this law to be thus summarily disposed of? How many banks would have organized under this law if the stockholders had supposed that their rights to issue circulating notes would be taken away from them as soon as they were organized? Not one in a hundred, for the simple reason that there would be no inducement to come under the restraints of the national law without circulation. It is said that these banks can continue to do business on their capital and deposits, this is no doubt true, but it could be much better carried on by the stockholders as private bankers without the onerous taxation and restrictions imposed by the national law. The organization of State and private banks would be much better, larger latitude being given to operate, and much freer from inquisitorial examinations.

If this bill now pending in the House is passed and becomes a law, it will pretty effectually use up the national banking system. It has taken about four years to build it up, and within three years it will be so far destroyed as to make it no object for stockholders that can organize into private banking companies to remain in the emasculated and restricted condition in which they will be placed.

What security can men have for investing their money and basing their business calculations under a national law? The insecurity and scandal that will attach to such hasty and inconsiderate legislation will deter all prudent men from placing too much reliance upon a law of Congress, passed at one session, organizing a great system of national policy, to be emasculated or repealed before it gets fairly into operation. It looks too much like confiscating the property of individuals under the pretence of creating a sinking fund to pay off the national debt.

I hope the Senate and House will carefully consider this measure in all its bearings before they pass a law involving such important consequences in regard to its breach of faith in destroying the acquired rights of the stockholders in these banks, and the **disastrous consequences likely to follow the issue of Government paper money as a permanent policy.**

Yours very truly,  
E.G. SPAULDING.

MR. SPAULDING TO SECRETARY MCCULLOCH.

FARMER'S AND MECHANICS' NATIONAL BANK,  
No. 3 Spaulding's Exchange,  
BUFFALO, December 4, 1866.

Dear Sir—You will do me a favor by sending to me by mail a pamphlet copy of your report and accompanying documents. I have only seen a synopsis of it, but it seems to me that you understand the situation, and have stated it with force and ability. I congratulate you on the favorable exhibit of the public debt, which is in a great measure due to your discreet and prudent management of the national finances. **You have no doubt now, to a large extent, control of the finances of the country,** and I think that you will, of necessity, contract moderately, so as to preserve a tolerably easy money market, in order to be able to fund the compound 6s and the 7-30s into long gold-bearing bonds, between this and the 15th of July, 1868. There may be occasional spasms and tightness for money with the *speculators*, but generally I shall look for plenty of money for legitimate business for at least a year to come. If the speculators should get some check it would be a good thing for the country, and all men engaged in industrial pursuits would not complain.

I hope you will be able to reach the specie standard with at least \$250,000,000 of plain legal tender United States notes still outstanding. The amount of gold and silver coin now available in this country is so small that it constitutes a very adequate basis on which to rest the largely increasing volume of business to be transacted, and unless we can have legal tender in some form, other than gold or silver coin, I think we will hereafter be very much subjected to panics and revulsions, to the injury of legitimate business, and, consequently, diminished revenues. If we can maintain \$250,000,000 of the paper tender at the specie standard, in addition to the supply of gold and silver, I think the business of the country would, in the future, be more steady and uniform.

Yours truly,  
E.G. SPAULDING.

Hon. HUGH MCCULLOCH,  
Secretary of the Treasury.

SECRETARY MCCULLOCH'S REPLY.

TREASURY DEPARTMENT,  
WASHINGTON, December 7, 1866.

Dear Sir—Your favor of the 4th inst. is received. You will receive a copy of my report through the Comptroller of the Currency. It was very hastily written, but is, I think, sound in doctrine. What we need is an increase of labor. If we could have the productive industry of the country in full exercise, we could return to specie payments without any very large curtailment of United States notes. My object has been to keep the market steady, and to work back to specie payments without a financial collapse. I shall act in the future as I have in the past, with great caution, and attempt no impracticable thing.

I am very truly yours,  
H. MCCULLOCH.

Hon. E.G. SPAULDING,

## Farmer's and Mechanics' Bank, Buffalo, N.Y.

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### NATIONAL DEBT—NO REPUDIATION.

Will the public debt of the United States ever be repudiated ? The answer to this question depends upon the efficiency and fidelity of the national Government. The Government has ample power under the Constitution and ample means at its disposal to pay every dollar of the public debt. Believing that the Government will continue faithful and efficient, I answer no ! the public debt will not be repudiated. A large majority of the people also say no, but nevertheless there is a small minority that have answered this question in the affirmative, and continue to repeat the assertion that the public debt will never be paid. This reckless assertion has some influence in depressing the national securities and keeping up the price of gold. This grumbling class of people say that the "old Continental money" issued during the war for independence, became worthless and was never paid. This is no doubt true—the Continental money did greatly depreciate and was never fully paid, but it was issued under the feeble authority of the old Continental Congress, when there was no adequate executive authority to enforce the collection of taxes for the payment of the public debt. This depreciated currency was issued both before and after the adoption of the articles of Confederation of the old thirteen states, and before the formation of the present efficient Government under the new Constitution.

Under the articles which composed the old compact, there was no power vested in the Continental Congress to collect taxes. The power to enforce the collection of taxes was left to the legislatures of the several States. Upon a quota furnished and a requisition made by Congress, the several States were required to levy and collect taxes to support the Federal Compact. This plan was a fallacious system of quotas and requisitions, inconsistent with every idea of vigor or efficiency which pertains to every well organized Constitution of civil Government. It is not at all surprising that the Continental money which depended upon thirteen other Governments to levy and collect taxes to raise money for its payment, should depreciate and become of little or no value. The power contained in the old Continental Compact was nominal, without a president or other executive to enforce its requisitions. It was ineffectual to raise money by taxation, and consequently the old Continental money fell into disrepute and was never fully paid.

Under the present Constitution all is changed. Instead of the old feeble compact existing at the close of the seven years war for independence, we have now a strong, well organized civil Government, under a Constitution with ample executive legislation and judicial powers, fully adequate to the objects for which it was formed. This Government is now invested with power to protect and defend the Constitution, enforce the laws and preserve its own existence ; power to provide for the common defence and promote the general welfare ; and for these purposes has power to raise and support armies, to provide and maintain a navy, and provide for calling forth the militia to execute the laws of the Union, suppress insurrections and repel invasions. To raise the money for these purposes, the Government is invested with further power to borrow money on the credit of the United States, and to repay the money thus borrowed, to levy and collect uniform taxes, duties, imports, and excises throughout the United States. These are

some of the great powers intrusted to the general Government for the preservation of its own existence.

When this most wicked and gigantic rebellion broke out, in an open and avowed determination to break up the Union, it became necessary to bring into active exercise all these high powers of the Government. Armies and navies had to be raised and supported. All the material of war necessary for their efficiency had to be provided. Money had to be borrowed, and in vast amounts. The old Continental money possessed none of the elements of vitality and credit that is imparted to the legal tender demand notes and bonds issued under the present Constitution, with this great power vested in the President to enforce the laws.

The debt thus incurred in the prosecution of the war to put down the rebellion and restore the national authority over all the States, will be about \$3,000,000,000. This large sum has been borrowed on the credit of the United States, to maintain the Government and perpetuate the Union, and the beneficial results flowing from the triumph of the national cause are amply sufficient to compensate for all the money expended in accomplishing this great achievement. The securities issued as evidence of this large indebtedness, consist of bonds, notes and certificates, which are widely distributed among all classes of people.

All the forms of law have been complied with to bind the Government and give validity to these different forms of indebtedness. The good faith of the nation is pledged in the most solemn manner to the payment of every dollar of this debt, both principal and interest.

The Government of the United States is not now dependent at all on the State Governments for the execution of its great powers. All the powers conferred on the General Government by the present Constitution are self-acting, self-sustaining, and wholly independent of State authority. The Constitution and laws of the United States operate directly upon the people, without any regard to State boundaries. We have now a Congress to pass all the tariff and tax laws necessary to raise all the money required to pay the current annual expenses of the Government, pay the interest on the public debt, and raise a surplus sufficient to retire annually a portion of the principal.

The grand results of the last four years have most abundantly shown the power and efficiency of the present National Government under the existing Constitution.

It is clearly demonstrated that we have a strong, stable and efficient Government, fully competent to levy and enforce the collection of custom duties and internal revenue adequate to support the Government.

The true value of the property, real and personal, within the United States, according to the census of 1860, was \$16,000,000,000, and it has, notwithstanding the exhausting nature of the war, greatly increased since that time. All this property is liable to be taxed to the full extent necessary, to support the Government and pay every dollar of the debt incurred in the prosecution of the war. The Government has a claim under the Constitution, a mortgage in fact, which is the first lien on all this real and personal property to that extent. All the debts of States, counties, cities, corporations and individuals are second and subordinate to this first claim of the National Government.

Our credit rests on this property and the good faith and fidelity of the Government to collect these taxes.

Since the creation and distribution of this large, debt among all classes of people, and a large

part of it made the basis for the organization of over sixteen hundred banks, the whole fabric of credit, public and private, must, to a great extent, rest on the efficiency and determination with which these taxes are to be levied and collected. Public and private credit are so interwoven with all the commercial transactions of the country, that if the public credit fails, individual credit must also fail. The value of legal tender notes, national currency, five-twenty bonds, ten-forties and seven-thirties, all depend upon the revenues derived from custom duties and internal taxes. Our own people and the people of Europe must be fully assured, not only of the ability, but of the willingness and determination of the Government to pay promptly every one of the obligations of the Government as they become due, and that the financial credit of the Government will be maintained on the stable and sure basis of ample taxation. There is no other sure basis for it to rest upon.

There can be no doubt that the suggestions of the Secretary of the Treasury to gradually retire a portion of the currency, are wise and judicious. If it cannot be done by funding without bringing down the price of five-twenty six per cent. bonds below par, so as thereby to embarrass the operations of the Treasury in providing for the large temporary debt as it becomes due, then I think it should be accomplished by Congress providing for an increase of revenue. The credit of the Government can be maintained, and it ought to be maintained at all hazards, and prices should be reduced. All who have read the late admirable reports of the Secretary of the Treasury, the Comptroller of the Currency, and the nearly unanimous resolution of the House of Representatives, must be satisfied that the Government is united and strong in its determination to enforce the full power it possesses to carry us safely through all our financial difficulties, and bring the business of the country back to a more safe and secure standard. So long as Congress and the Executive departments of the Government continue, as they now do, to discharge their duties with efficiency and fidelity, the repudiation of the public debt will be an impossibility.

I have lately seen and read in the public newspapers much that is of a fault-finding character, and much theorizing on the subject of our national finances, but after all that has been said or written on the subject, it comes down to a plain matter-of-fact business, which seems to be well understood by the Secretary of the Treasury, viz :

1. That frugality and economy should be practiced in all the departments of the public service.
2. Find out all the taxable property and business of the country, and the best modes of collecting revenue therefrom.
3. Levy and collect a tax upon it amply sufficient to raise a sum that will pay the yearly expenses of the Government, pay the interest on all the public debt, and leave a surplus of at least \$50,000,000 annually towards retiring a part of the public debt, and the credit of the Government will be firmly maintained. No repudiation of the public debt will ever take place so long as this policy is pursued with vigor on the part of the national Government.

The great mass of the people are honest and patriotic, and believe that the public debt was incurred for just and patriotic purposes. They will stand by their rulers in maintaining the public faith. They will pay the taxes freely, and will never consent that the fair fame of their free Government shall ever be tarnished by a repudiation of one dollar of the debt incurred in such a righteous and noble cause.

E.G. SPAULDING.

## NO STATE TAXATION OF UNITED STATES BONDS.

The Supreme Court of the United States, at Washington, has decided that United States Government Bonds and Treasury Notes cannot be taxed by States, Counties or Cities. The power to borrow money by the Government of the United States is supreme, and cannot be interfered with by any State law. All the Government securities have been issued under a positive law, which makes it a part of the contract that they should not be taxed for local purposes ; and the contract cannot be changed. The first section of the act of Congress, passed June 30, 1864, provides that ' all bonds, Treasury notes and other obligations of the United States shall be exempt from taxation by or under State or Municipal authority.'

The Constitution of the United States provides that 'This Constitution and the Laws of the United States, which shall be made in pursuance thereof, *shall be the supreme law of the land*, and the judges in every State shall be bound thereby ; anything in the Constitution or laws of any State to the contrary, notwithstanding.'

The Supreme Court of the United States has decided that all the State laws passed to tax United States securities are unconstitutional and void. These loans are the best security in the market. No searches of title are necessary. The Constitution of the United States and the act of Congress make the public debt the first lien on the real and personal property of the country. The Government bonds and notes are the first claim to be paid, city bonds, railroad bonds and bonds and mortgages, are only a second lien, to be paid after the Government securities are paid.

E. G. SPAULDING.

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### PUBLIC DEBT—GOOD FAITH—HON. E. G. SPAULDING'S LETTER TO SENATOR MORGAN—SENATOR SHERMAN'S FUNDING BILL.

BUFFALO, Dec. 24, 1867.

*Hon. E.D. Morgan, U.S. Senator, Washington.*

Dear Sir—I am in receipt of the recent report of the Finance Committee brought in by Senator Sherman, and Senate Bill No. 207, 'for funding the national debt, and for the conversion of the notes of the United States,' accompanied by your letter of the 19th instant, asking my opinion on the proposed measure, or any of its parts, and desiring me to communicate my suggestions at an early day.

I am deeply impressed with the importance of a return to the specie standard at the earliest moment consistent with the operations of the Government and people. I concur fully in that part of the report of your committee which seeks '**to secure to the holders of United States notes, as soon as possible, their value in gold.**' This, in my opinion, should engage the earnest efforts of Congress and the Executive ; and I am much gratified to see your committee so earnest and decided in urging a return to the specie standard at the earliest practicable moment. A resumption of specie payments by the Government, the banks and people, is the first great thing to be accomplished. This would dispose of nearly all the complicated and disturbing issues that have been raised by politicians and others, as to the time when, and the

kind of money in which, the public debt shall be paid. It would demonstrate more clearly than any thing else, our resources and ability to pay the public debt, and our determination to preserve unimpaired the good faith of the nation, and establish all business operations on a firm and enduring basis.

I notice that Senator Sherman, in his report, (pages 6 and 7,) giving countenance to the idea that the 5-20 bonds, under the act of 25th February, 1862, may be paid in the depreciated greenback currency, is laboring under a material misapprehension of the facts in regard to the representations made by the agents of the Government when the loan was negotiated, and especially as to the time when those representations were made. Mr. Sherman says : 'It is said that the distinguished Secretary of the Treasury who negotiated the 5-20 loan, gave a construction to this act at the time the loan was offered ; that this was announced to the people, and upon the faith of this the loan was taken. Your committee can find no official declaration made by the Secretary on this subject, until after the loan was negotiated,' and then refers to a letter written by Secretary Chase, May 18, 1864, as being the first official declaration on the subject that has come to his knowledge. The Senator seems to concede that if the Secretary made official declarations, at the time the loan was negotiated, giving a construction to the act, to the effect that the principal, as well as the interest, was payable in coin, and that if both parties understood that to be the construction of the law, such declarations would form a part of the contract, and that the Government would be bound to make these declarations good, and to give effect to the contract as understood by both parties when it was made. Now, the proofs are at hand that such official representations were made by the distinguished Secretary of the Treasury, before and at the time the loan was being negotiated, as I will now proceed to show. Secretary Chase, who negotiated that loan, decided as early as December, 1862, that a fair construction of all the loan acts under which the funded debt was contracted, required us to pay actual money—gold and silver—on all the funded debt of the Government ; that a pretended payment in another promise of the United States was no payment, but merely changing the form of the debt. In other words, that a payment of the bonds in greenbacks, would be merely substituting the debt of the Government in the form of legal tender notes bearing no interest, for bonds bearing six per cent. interest,—which would be manifestly unjust. This question came up on the kind of money that should be provided for paying that part of the funded debt, created prior to the rebellion, which fell due January 1st, 1863, and this decision was then made and published. The Committee of Ways and Means, in December, 1862, a short time before its maturity, desired to know whether any further legislation would be necessary to ensure the payment of coin on that part of the funded debt falling due within a few days. In order to ascertain in a formal manner what construction the Secretary of the Treasury would put upon the law, a Sub-Committee from the Committee of Ways and Means was appointed, consisting of Mr. Hooper, Mr. Morrill and myself, to confer with the Secretary on the subject. This Sub-Committee called upon the Secretary at the Treasury Department, and after a full and free conference, the Secretary decided that a fair construction of the law, as well as good faith, required him to pay all the funded debt in coin, and that he did not deem it necessary to have any further law passed to enable him to do so.

Under these circumstances, the Committee of Ways and Means did not deem it necessary to report a bill authorizing or requiring the funded debt to be paid in coin, and consequently no further law was passed ; and on the first of January, 1863, the funded debt falling due at that

time was paid in coin. From the time this decision was made by Secretary Chase, down to the present time, the same language has been held by each Secretary of the Treasury, namely, that the funded debt of the Government was payable in coin, both principal and interest, and that the Government would not seek to avail itself of the five years option to redeem the 5-20 bonds until it was prepared to pay coin for the principal as well as the interest. But this is not the only proof.

Messrs. FISK & HATCH, bankers in New York city, were prominent sub-agents of the Government in negotiating the 5-20 bonds under the act of February 25, 1862. Many persons who were desirous of subscribing to this loan, wanted to know authoritatively, whether the principal of the bonds was payable in coin as well as the interest. In order to have the proof in hand to satisfy people on this point, Fisk & Hatch, at the very time they were negotiating large amounts of this loan, addressed a letter to the Secretary of the Treasury on the 3d of August, 1863, and received from him an official reply, signed by the Assistant Secretary of the Treasury, which was immediately published in the New York Times, as follows :

THE POPULAR LOAN.

*To the Editor of the New York Times* :—We are receiving numerous inquiries as to whether the United States 5-20 bonds are redeemable in gold. We have received a letter from the Treasury Department most satisfactorily answering this question, (as it was once before answered by Mr. Chase,) a copy of which we hand you herewith. The popular character of this loan, and its wide distribution among the people, renders the subject one of universal public interest and importance, and we presume the publication of this letter will be acceptable to your readers.

(Signed,)

FISK & HATCH, Bankers.

TREASURY DEPARTMENT, WASHINGTON, D.C.,  
August 5th, 1863.

Gentlemen—Your letter of the 3d instant, relative to the redemption of 6 per cent. 5-20 bonds of the loan of February 25, 1862, has been received. The following is the decision of the Secretary of the Treasury in regard to the redemption of the public debt : ‘All coupon and registered bonds forming a part of the permanent loan of the United States, *will be redeemed in gold*. The 5-20 sixes, being redeemable at any time within twenty years after the lapse of five years, belong to the permanent loan, and so also do the twenty years sixes of July 17, 1861, into which the three years 7-30s are convertible. All obligations and notes forming a part of the temporary loan will be paid at maturity in United States notes, unless before such maturity payment in specie shall have been generally resumed. The 7-30 three year bonds or notes form part of the temporary loan, with the privilege of conversion into 20 years sixes, in sums not less than \$500. They will therefore be paid, if the holders prefer payment to conversion, in United States notes.

GEORGE HARRINGTON,  
Acting Secretary of the Treasury.

To Messrs. FISK & HATCH, Bankers, New York.

This official letter from the Treasury Department, in addition to its being published in all the newspapers, was published in hand-bill form, (one of the original hand-bills being now in my

possession,) and sent broadcast among the people, to induce them to come forward and take up these bonds—which were then on the market under the direction of the Secretary of the Treasury, and offered by him at par. I was at this time actively engaged in negotiating this loan. I advertised and circulated this letter extensively myself, and gave copies of it to subscribers at the time of making their subscription to this loan. I regarded these representations, made by authority of the Treasury Department, and upon the faith of which people were induced to subscribe for the loan, as forming a part of the contract, and that the Government is now bound to make these representations good, and that, whenever they seek to redeem these bonds, the principal as well as the interest should be paid in coin. I should regard it as a gross breach of faith on the part of the Government to attempt to evade these declarations, or equivocate in fulfilling this contract, or any part of it.

But aside from these representations made by the Secretary, I would suggest that the plain meaning of the act of '62, when read in connection with its title, leads to the same conclusion, and that Secretary Chase, in giving the construction to the law which he did in negotiating the loan, gave a correct, practical, common sense decision. The argument of the present Secretary, in his last annual report, (pages 24, 25 and 26,) is able and conclusive on this point. The interpretation given to the act by both these distinguished Secretaries is in exact accordance with my intention at the time I drew and introduced the bill in the House, in January, 1862, and as I believe it was fully understood by Congress when it passed. The title of the act is expressive of the intention and purpose for which it was passed, namely, 'an act to authorize the issue of United States notes, and for the redemption or funding thereof, and for funding the floating debt of the United States.'

It was intended by this measure, in the imminent peril in which we were then placed by rebellion, to make a forced loan from capitalists, by compelling them to take legal tender United States notes, which should be paid out to the army and navy, and for supplies and material of war, but at the same time give them a fair rate of interest for the use of their money, by allowing them to fund these legal tender notes as they should accumulate in their hands and not bearing interest, into a twenty years bond bearing six per cent. interest. In the opening speech which I made in the House on the 28th of January, 1862, I said : 'The demand notes put in circulation would meet the present exigencies of the Government in the discharge of its existing liabilities to the army and navy, and contractors for supplies, materials and munitions of war. These notes would find their way into all the channels of trade among the people, and as they accumulate in the hands of capitalists, they would exchange them for six per cent. 20 years bonds. These circulating notes in the hands of the people, would enable them to pay taxes imposed, and would facilitate all business operations between farmers, mechanics, commercial business men and banks, and be equally as good as, and in most cases better than, the present irredeemable currency issued by the State banks. The \$500,000,000 six per cent. twenty years bonds in the hands of the Secretary of the Treasury, ready to be issued, would afford ample opportunity for funding the Treasury notes as fast as capitalists might desire to exchange notes not bearing interest for coupon bonds of the United States bearing six per cent. interest, and amply secured by a tax on the people and all their property. In this way the Government will be able to get along with its immediate and pressing necessities, without being obliged to force its bonds on the market at ruinous rates of discount ; the people under heavy taxation will be shielded against high rates of interest, and the capitalists will be afforded a fair compensation

for the use of their money during the pending struggle of the country for national existence. 'A suspension of specie payments is greatly to be deplored, but it is not a fatal step in an exigency like the present. The British Government and the Bank of England remained under suspension of specie payments from 1797 to 1821-2, a period of twenty-five years. Gold is not as valuable as are the productions of the farmer and mechanic, for it is not as indispensable as food and raiment. Our army and navy must have what is more valuable to them than gold or silver—they must have food, clothing and the material of war. Treasury notes, issued by the Government on the faith of the whole people, will purchase these indispensable articles, and the war can be prosecuted until we can enforce obedience to the Constitution and laws, and an honorable peace be thereby secured. This being accomplished, I will be among the first to advocate a speedy return to specie payments, and all measures that are calculated to preserve the honor and dignity of the Government in time of peace, and which I regret are not practicable in the prosecution of this war.'

These are, in part, the remarks I made in the House on the loan bill introduced by me, and which became a law February 25th, 1862. The operation of the bill, in the issue of the legal tender notes, the paying them out to the army and navy, their final funding into a twenty years six per cent. bonds, have been substantially what I stated would be its operation at the time I introduced it into the House. The object of the bill was to provide the means by which the floating and temporary debt, then bearing heavily upon the Treasury, might, by the operation of the act, be funded into a long bond without a heavy sacrifice in making the negotiation. Some gentlemen are now trying to reverse the obvious intent of the act, and unfund all this bonded debt, by again putting it into a *floating* and temporary form. I regard all these late shifts and quibbles to unsettle what is already honorably fixed and determined by the Treasury Department under and in pursuance of law, as unworthy of this great nation, unstatesmanlike in those who advocate it, and, if persisted in, will, I think, inevitably destroy the credit of the Government, and postpone indefinitely a resumption of specie payments.

Why take the back track under these funding loan bills? Why open the question at all at this time? The floating debt and temporary loans are *already funded*, or so nearly funded that there cannot be any reasonable doubt that, by the 15th of July next, when the last series of 7-30 notes fall due, the whole will be funded into bonds, none of which are payable until 1882, being fifteen years yet before they become due. The Government is not legally or morally bound to pay one dollar of the principal of these bonds until they become due. Then why trouble ourselves about funding that which is already funded, especially when it has to be done by repudiating the acts and declarations of the Secretary of the Treasury in the discharge of his official duties? Why raise the question now as to the kind of money with which we are to pay bonds already outstanding, and which are not becoming due until 1882?

The \$830,000,000 of three years 7-30 notes were all negotiated under representations made by the Treasury Department, similar to those made in respect to the 5-20 loan of '62, with an express stipulation that the holders of these notes should have the privilege of converting them at maturity into 5-20 bonds. The bonds of '62, as well as the bonds issued in redemption of the three series of 7-30 notes, all stand upon the same footing, and the Government is no doubt bound to pay the principal as well as interest in coin, whenever it seeks to retire these bonds under the five years option, reserved in the face of the bonds. That such is the view taken by the present Secretary of the Treasury, fully appears by his letter to L.P. Morton & Co., bankers in

New York, in which he says :

TREASURY DEPARTMENT, Nov. 15, 1866.

Gentlemen—Your favor of the 13th instant is received. I regard, as did also my predecessors, all bonds of the United States as *payable in coin*. The bonds that have matured since the suspension of specie payments have been so paid, and I have no doubt that the same will be true of all others. This being, as I understand it to be, the established policy of the Government, the 5-20 bonds of 1862 will either be called in at the expiration of five years from their date, *and paid in coin*, or be permitted to run until the Government is prepared to *pay them in coin*.

I am, very truly yours,  
HUGH McCULLOCH,  
Secretary.

Messrs. L.P. Morton & Co., New York.

Under the influence of this official declaration, most of the bonds have been taken on the exchange of the 7-30 notes, in pursuance of the stipulation on the back of the notes, and long before these bonds become due, specie payments will no doubt be resumed, and we shall then have but one standard of value, and only one kind of money, namely, coin, or its equivalent, in which to pay these bonds. Our population and resources will be nearly double then to what they are now. We shall be abundantly able to pay at that time in that currency which is recognized by all civilized nations as the true standard and measure of value, and thereby the honor and good faith of the nation will be fully maintained.

I would suggest that it is not wise to prematurely agitate the question, and am not able as yet to see any good reason for doing so. On the contrary, I think all agitation now, on this branch of the financial question, is mischievous, and calculated unnecessarily to impair our credit at home and abroad.

I would suggest further, that the provision in the bill which limits the legal tender currency to \$400,000,000, is a good one, provided there is any sane man in Congress who proposes, in a time of peace, to dilute and still further depreciate the currency, by increasing it above that sum ; but I think the maximum of the greenback currency must not exceed \$250,000,000 or \$300,000,000 when we reach the specie standard, if we would successfully maintain specie payments. And it seems to me that it would greatly facilitate a resumption of specie payments if the national banks were required to hold a part of their reserves in coin, and that some safe plan should be devised by which the sub-treasuries in the principal cities, especially in New York, could make daily settlements with the banks through the clearing-house, and requiring only balances to be paid, substantially in the same manner as the banks in the principal cities make their daily settlements with each other. In this way no large movement in coin to or from the sub-Treasury would be necessary, and the daily payments could be made with comparative ease. But this letter is already too long, much longer than I intended when I commenced it, and I will not enlarge further on this subject at this time. I may desire to make some further suggestions, and if so, will write you again.

I remain, very truly, your friend,  
E. G. SPAULDING.

FROM HON. F.E. SPINNER

WASHINGTON, NOV. 9.

*Hon. E.G. Spaulding, Buffalo, N.Y.:*

My Dear Sir—Your note of the 6th inst. has been received. If some one who believes in high-toned swindling will write in favor of open repudiation, I will agree to give the subject the consideration of a careful reading, but I have not the patience to read anything advocating the sneaking expedient of paying the national debt in depreciated currency.

The Secretary of the Treasury is sound on this subject ; and in his forthcoming Annual Report will address an argument to the Congress and the country, that I am sure will please you and those who are neither knaves nor fools.

The finance question is to become the leading one in the organization of parties, and I had hoped that such men as Butler and Stevens would have remained with the great body of their friends. Having an abiding faith in the honesty of the people, I believe the question will be settled honestly, and that honest Americans will be spared the shame of having their nation stigmatized as a band of cheats and swindlers.

Very truly, your friend,  
F.E. SPINNER.

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#### NATIONAL CURRENCY—LEGAL TENDER.

The avowed policy of the Government is to retire the legal tender greenback currency, issued during the war, and bring the business of the country back to a gold standard, and a resumption of specie payments. This policy is avowed by the President in his annual message, and by the Secretary of the Treasury in his Fort Wayne speech, and in his annual report. As this policy will sooner or later be carried out, it is important we should look ahead and be prepared for the change. It will take time to accomplish so great a result, and it must be done with great prudence and discretion, or it will produce a shock to the legitimate business of the country, which will paralyze our business operations and thereby diminish the revenues that will be so much needed to maintain the public credit. Whatever measures will aid in promoting the healthy and legitimate business of the country during the process of contraction will be of essential service both to the Government and the people.

It is not so very important just at this time, that there should be any material change made in the functions of the national currency, but as the Government legal tender notes are withdrawn from circulation, and the contraction policy fairly begun, I think it will be of great importance to the country, in giving stability to its financial operations, that the national currency should be, like the Bank of England notes, made a legal tender, except for debts owing by the banks. I feel confident that it would lessen the liability to a panic, as contraction goes on, and be useful and beneficial to the Government and people, in maintaining the financial credit and business of the country.

The national currency is limited to a proper amount, so that there will be no chance for an over issue, and as the banks issuing it are required on the resumption of specie payments, to redeem

it in coin, I can see no harm that would arise from making it a legal tender, but on the contrary, much good to follow the enactment of such a law. Let us consider this subject a little more in detail.

What the Government and people want and must have in this great and enterprising country, is a currency of universal credit and uniform value. Such a currency is a vital necessity to the well being of the business of the country. It should possess all the attributes of money, adequate in amount, and receivable alike in all payments, public and private. Men engaged in large commercial transactions have no especial worship for gold and silver, either as money or for ornament ; but I would not discard those metals in fixing the standard of value of paper money, and the relative value of commodities and services. In devising and regulating a system of national currency, I would have coin and paper money as nearly on an equality as it is possible by having the paper convertible into coin on demand.

I know it is insisted by some persons that the only money is coined metal, and that paper money as its substitute, is only credit. This may be true in a certain sense, but at the same time both coined money and paper money are the creation of law, and it is equally true that credit underlies the whole financial operations of the Government and people, and if that credit is broken down, the Government and people will become bankrupt, business paralyzed and revenues largely diminished. Coined money like paper money is made in pursuance of statute law, and has impressed upon it the Government stamp, indicating its weight and purity. This stamp does not, however, give the metal its value, the value is in the metal independent of the stamp, but gold of individuals so coined into eagles under the laws of the United States, does determine the rate in arithmetical terms at which the metal thus coined shall be a legal tender, and the standard of value in all exchanges and payments, and this makes it by law money. Paper money is made by a somewhat different process, but when both are stamped with the functions of money they are both the creation of law. It is true that gold and silver are esteemed a valuable commodity without being coined, and are within a small fraction, rated as high in the form of bullion, as in the form of coin. The coined money rests on its own inherent or estimated value, while the paper money is based upon a well-founded credit. A payment in coin or bullion closes the transaction, because the bargained for equivalent is rendered at once, leaving no credit to be upheld or promise to be performed in the future. United States demand Treasury notes, are also by law made lawful money and a legal tender as a substitute for coin, and their value is based upon the credit of the Government, and all the taxable property under its jurisdiction. If they were not issued in excess they would not be below the gold standard, and would constitute as good, and even a better currency than coin, because less expensive and more convenient, and because they are based on a well founded credit, no less than an adequate tax on all the real and personal property of the country. The principal difference between coin and paper money may be stated thus : the exchange and delivery of one hundred bushels of wheat for one hundred dollars, in value of gold bars or coined gold, the transaction is closed on the spot, by each party delivering to the other, what is regarded by them as an equivalent ; according to the estimation of both parties, it is an exchange of equivalent values. In such a transaction ; no credit is given on either side ; but if instead of gold, the purchaser of the wheat should deliver to the seller in exchange for it, one hundred dollars in paper money, the equivalent for the wheat, although perfectly secured, would not be rendered on the spot, but a credit would intervene in taking the paper money, which contained only a promise to deliver

one hundred dollars in gold at another time. In one sense it is true that the seller of the wheat takes even gold on a credit, trusting that it will continue at all times as valuable as it now is, notwithstanding it possesses very few useful qualities, and is not intrinsically as valuable as iron. Franklin says, 'that the value of gold and silver rests chiefly in the estimation they happen to be in, among the generality of nations, and the credit given to the opinion that that estimation will continue ; otherwise a pound of gold would not be a real equivalent for a bushel of wheat.' It is the universal estimation in which gold and silver are held, that gives them their present value, and not the labor expended upon them, or any particularly useful qualities contained in the metal itself. Any other well founded credit is as much an equivalent as gold and silver, and in some cases more so, or it would not be preferred by commercial people in different countries. For this reason a well secured convertible paper money, in a normal state of the business of the country, is fully equal to gold and silver, because less expensive, and more convenient. But where commercial transactions are small, and among barbarous nations where credit is unsafe, gold and silver, on account of their comparatively steady value, and the universal estimation in which they are held by all mankind, no doubt constitute the best money. These precious metals, so called, being limited in amount, and used extensively in the arts and luxuries of life, are desired the world over, not only by civilized, but by barbarous nations, and having great estimated value in small bulk, are easily transported from continent to continent. This universal estimation gives them pretty steady value as money, and an equally steady value in the arts, and for ornament. They therefore constitute at present, the best standard by which to measure the relative value of all other commodities. They are, therefore, the standard of value in all countries, and it will be very difficult, if not impossible, for the nations of the world to agree upon any other standard of value. They have not become so by reason of a congress of nations, nor by any concert of action among them, but by the quiet action of commerce among the people for many centuries, and in all countries and climes. Gold and silver therefore, are the universal standard of value, made so by the acquiescence of all mankind, and consequently all foreign balances are settled in gold and silver. But owing to the scarcity of the precious metals, and the great expense attending their use as money, and the risk of transporting them from place to place, credit has been resorted to in some form by all civilized countries, under well established Governments, as a substitute for gold and silver, and especially for domestic purposes ; for instance, the Bank of England notes, for the British Empire.

Bills of exchange, promissory notes, credits on bank ledgers, checks, bank bills, and clearing house certificates are among the forms of credit, chiefly used in commerce at the present time. In consequence of this scarcity of gold and silver money adequate to the wants of commerce, these forms of credit have been extensively used by the people of all commercial countries, because business in this form could be done more cheaply, with much greater facility, and in vastly greater amounts, than It could be done by contracting it to the actual use of gold and silver in each transaction ; and although there is no actual use of coin in the exchange of commodities and services, nevertheless all these credit transactions have a relation to gold and silver, as the standard or measure of value, and ought to have an equally close relation to the amount of commodities and services to be exchanged ; and to be safe, should never exceed the wants of legitimate business. It is generally conceded that these different forms of credit, when not carried to excess, are of the greatest usefulness to every well regulated society. So apparent

are their advantages, that they are deemed indispensable, and that without them, the present large volume of commercial transactions could not be carried on. Most of these forms of credit have grown into use by the necessities of commerce for centuries past, and are governed by universal commercial law, modified in some particulars by local statutes, but generally the law merchant regulates and governs all of them, except in the case of bank bills and Government paper money ; which are wholly the creation of local laws, and are regulated and governed by the statute laws under which they are created. This brings me to the consideration of a paper currency authorized and regulated by statute laws.

#### NATIONAL CURRENCY—LEGAL TENDER.

In discussing the subject of a national currency, and the functions that should be imparted to it by law, I assume that Congress deems it necessary and proper to have a paper national currency, not only to carry on the fiscal operations of the Government, but also to facilitate the business operations of the people ; and that such a currency is created because it is the duty of the general Government to provide a domestic circulating medium of uniform value, to be used and circulated as money in all parts of the United States. Now, if it is desirable and proper to have a national paper currency at all, as I think it is, it seems to me to be obvious that it should be the best that the Government is capable of making. If it is necessary to create a paper currency, as a substitute for, or as a representative of, gold and silver, why not give it all the attributes of money, so far forth as it can be made so by law ? Why should not Congress confer upon it in all respects, the highest qualities possible to make it suitable, useful and acceptable in all the ramified operations of the Government and people over the whole country ? This currency is a creation of the Government. Its object is to make money for circulation ; to make it of uniform value all over the United States in effecting exchanges and payments, and as nearly equal to gold and silver as it is possible to make it.

This great nation surely ought not to create a currency inferior to the best paper money in the world. It should have all the attributes of money to pay debts and facilitate exchanges. It should be backed by the whole power of the Government to make it what it purports to be, a national currency, and the representative of gold and silver, and convertible into gold coin on demand. Nothing should be withheld by Congress which would in any degree add to the stability or usefulness of such a currency. It is created as an instrument of usefulness to benefit the Government and people, and if made at all, it should be, like a locomotive, or any other instrument, the best that can be made. I took this ground on the passage of the legal tender act introduced by me in 1863. I then said that if we issued a Government paper money at all, it ought to have imparted to it the highest legal sanction that could be given to it by the Government, to make it fulfill the purpose for which it was made. There are very few business men who now question the wisdom of that enactment. Though in the administration of the laws authorizing it, more was unnecessarily issued, and less funded, than was intended by the originators of the measure.

The British Government is the great pioneer in providing a paper national currency. The Bank of England, a creation of that Government, has existed one hundred and seventy-two years. She has had great experience in the issue, circulation and redemption of the circulating notes of that bank ; and the British Empire has increased in material wealth and power with

astonishing rapidity since the bank was established. Previous to 1834, the circulating notes of the Bank of England were not made a legal tender, but after an experience of over 140 years, she passed an act, making them a legal tender for all debts, except those owing by the bank self ; and for the avowed reason that it would not remove any of the guards against over-issues, and that it would increase the stability of the bank, guard against panics, and consequently improve the whole monetary system of that empire. Since that act of Parliament was passed, she requires the notes of the bank to be perfectly secured by gold and Government stocks ; requires the bank to redeem in coin on demand at its own counter, and then makes them a general legal tender except at the bank.

The Bank of England notes admirably perform the functions of money. They are current money in all parts of the empire. They are probably, the most perfect paper currency in the world, because they are not only perfectly secured and redeemable in gold on demand at the bank, but they have imparted to them by law the functions of money in the payment of debts and, effecting exchanges, in the cities and villages remote from London, as well as in the metropolis itself. They are backed by the whole power of the British Government, and circulate with as much vitality at the circumference as at the centre of the empire. The bank and its circulating notes are as stable and secure as the Government itself.

Why should we not profit by the experience and example of the British Government in respect to its national currency ? We have provided by Congressional enactment for the organization of a system of national banks, and the issue of a national currency. This was deemed a necessary measure for the support of the Government in providing a circulating medium to facilitate the easy exchange of commodities, thereby stimulating enterprise, industry and production ; adding to the ability of the people to pay revenue, and furnishing a currency in which the internal taxes may be paid. The leading idea was to combine the capital of individuals with the credit of the Government, to provide a national currency, and throw the burthens of redeeming such currency upon the banks that issue it, the Government only guaranteeing its ultimate payment.

The national currency act is generally right as far as it goes. It limits the amount to \$300,000,000 ; requires the circulating notes to be well secured by gold-bearing Government bonds, deposited with the Treasurer of the United States ; requires each bank to redeem its circulating notes in lawful money on demand, and to keep an adequate reserve for that purpose ; makes them a legal tender for all taxes and other debts due to the Government, except customs, and for all debts owing by the Government, except principal and interest of the funded debt ; it also makes them receivable by each national bank for all ordinary debts due to them and each bank, designated as a depository, is also required to receive it on deposit from all public officers. These are important provisions in the law for *nationalizing* this currency, and it consequently obtains a wide circulation. I would not change or alter any one of these provisions for *de-centralizing* the currency, but I think it does not go quite far enough in that direction. It will be perceived that all persons in the employ of the Government are compelled to receive it in payment for salaries and for materials and other services performed for the Government. It is now in effect made a legal tender from the Government to all this class of persons, including the salary of the President, Cabinet, Members of Congress and the army and navy. If the President and other officers of the Government are obliged to receive it in payment for their salaries, why should not everybody else be required to take it from them for all

ordinary debts they may incur ? I can see no valid reason why they should be a legal tender to persons employed by the Government, unless such persons can also compel other parties to receive it from them. I think that sound policy requires the act to be still further extended. I would go one step, further and make the national currency, like the Bank of England notes, a general legal tender, so long as the bank issuing it, redeem in lawful money, except that the currency issued by any bank separately should not be a legal tender for any debts such bank might itself owe.

I would not relax any of the duties or obligations now imposed on the banks. I would compel them to redeem their circulation in legal tender United States notes on demand, until the resumption of specie payments, and after that in specie, and oblige them to keep a sufficient reserve for that purpose. The reason for such additional legislation would not be so much for the benefit of the banks, as it would be to benefit the public, by providing a domestic currency, made legal tender the same as gold belonging to individuals is made a tender, and which could be used to the greatest common advantage among all classes of people in all parts of the country. I would make it a legal tender because it would lessen the demand for coin, and have a tendency to prevent unnecessary runs on the banks to obtain it. It is argued by many persons, with much plausibility, that a well secured paper currency would be better in many respects, if not made redeemable in coin, for the reason that coin is scarce as compared with the volume of business to be done ; that it is easily exported, and that when brought to the test of requiring the paper money issued to be redeemed in coin it has always failed, and always will fail, because there is never available coin enough for that purpose. I admit that the frequent suspension of specie payments, whenever there is a panic or revulsion, furnishes an argument in favor of those who present this view of the subject, but as no proper standard can be had at present, without making paper currency equal to coin, I think it must be convertible into coin on demand. Every attribute, however, that can be given to improve its quality will lessen the necessity for its redemption in coin, and consequently the more steady and uniform will be the business of the country.

With this object in view, I can see no valid reason why the highest, legal sanction should not be imparted to this currency by the Government, which holds the pledged security and guarantees its payments, not only to give it stability, and guard against panics and suspensions of specie payments, but to make it useful to the people as money, in the remote districts as well as at the centre of business, and make it fulfil in the highest possible degree the object for which it was created, *a national currency*.

E.G. SPAULDING.  
February 28, 1866.

#### LEGAL TENDER IN TIME OF PEACE.

BUFFALO, December 9, 1868.

*Hon. Hugh, McCulloch, Secretary of the Treasury :*

Dear Sir—Will you be kind enough to send me a pamphlet copy of your Annual Report ; I have seen a synopsis of it in the newspapers, and desire to study it in a more readable form. I have always read your able and well-matured reports with pleasure and profit. I judge, from the

extracts of the report which I have seen, that you continue firm in the opinion that we should get rid of the evils of a depreciated currency by returning to the specie standard at the earliest practicable moment ; this is the first great and important duty of the Government, and I sincerely hope that efficient measures will be adopted to that end at the present session of Congress.

You justly observe that the legal tender act was adopted as a war measure—a measure of necessity to sustain the army and navy while crushing the rebellion. In the summer and fall of 1861, all the great powers expressly granted in the Constitution had been brought into active exercise in bringing into the field an army of half a million of men, which had to be fed, clothed and provided with all the material of war necessary to make them effective, requiring an average daily expenditure of \$2,000,000. This required very large amounts of money, and we had to have it right off—delay would have been fatal. The banks in New York, Boston and Philadelphia had exhausted themselves in loaning to the Government \$150,000,000 in gold during the summer and fall of 1861. A large part of the available gold in the country had thus been paid over to the Government, and expended during that time, and so scattered that it was not available as a reserve for the banks, or in a situation to be re-loaned to the Government. The Government and banks suspended specie payments on the last of December, 1861. No more gold could be loaned because it was not to be had, except in small and wholly inadequate amounts. State bank bills could be obtained, but the banks having suspended specie payments this currency was depreciated, and was only local in character and credit.

In this great emergency, with this large army to be supported and the navy to be maintained, and which were organized under the unlimited war powers expressly granted in the Constitution, there arose an overwhelming necessity for resorting to the incidental and implied powers, and especially to that provision in the Constitution which empowers Congress 'to make all laws which shall be necessary and proper for carrying into execution the foreign powers and all other powers vested by this Constitution in the Government of the United States, or any department or officer thereof.' In the imminent peril in which we were then placed by a gigantic rebellion, Congress decided that the legal tender act was a measure necessary and proper to carry into effect those powers expressly granted in the Constitution, to maintain the army and support the navy. Secretary Chase relied at this time mainly upon the passage of the national currency act to furnish the means, but it appeared to me that it would be wholly inadequate, and besides it could not be made available quick enough. I therefore introduced the legal tender bill early in January, 1862, immediately after the suspension of specie payments. In this great crisis I advocated the bill as a war measure, a measure of temporary relief to the Treasury, and on the ground that it was an imperative necessity to preserve the life of the nation. I conceded that it was a forced loan, and could only be justified on grounds of necessity.

As a war measure passed during war, continuing during the war, and as long as the exigency lasted, I believe it was necessary and proper to successfully carry on the war, and was therefore constitutional. I am equally clear, that as a peace measure it is unconstitutional. No one would now think of passing a legal tender act making the promises of the Government, (a mere form of credit,) a legal tender in payment of 'all debts, public and private.' Such a law, passed while the Government is on a peace footing, could not be sustained for one moment.

I think now that it is unfortunate that we did not have incorporated into the original legal

tender act, at the time of its passage, a provision that the legal tender clause should cease to be operative in one year after the close of the war. In that case all parties would have shaped their business accordingly, and the law would have served its purpose as a war measure, and would not have been continued (as I think unnecessarily,) so long after the close of the war.

I see that the constitutionality of the law has finally come up for decision before the Supreme Court of the United States, at Washington. If the Court had been called upon to decide the question during the war, or at its close, they would most likely have decided that the law was valid, inasmuch as Congress had decided that it was a necessary and proper means to be used in crushing the rebellion ; but the law has been continued in force so long after the close of the war without any real necessity for it, that I should not be much surprised if the Court should now declare it unconstitutional.

Three great measures were adopted by the Government, which, in my judgment, were necessary to crush the rebellion and maintain the national unity, viz.:

1. The *legal tender act*, by which the credit of the Government was brought into immediate action in the most available form.

2. *Emancipation*, by which 4,000,000 slaves became intensely interested in the Union cause.

3. The *draft*, by which the army was speedily re-enforced at the turning point of the rebellion. These three measures, backed by the people, and enforced by the army and navy, finally gave us a national triumph.

If Congress will not act promptly in devising some plan for bringing the legal tender greenback currency on a par with gold, rather than continue the demoralization incident to a postponement of specie payments, it will perhaps be as well for the country in a long run, if the Court, on due deliberation, should decide the legal tender clause to be unconstitutional. This would involve serious consequences for a while, and business arrangements would be materially affected, but we would very soon accommodate ourselves to the situation, and we would then emerge from the evils of an irredeemable currency, and all business operations would be established on a firm and enduring basis.

This letter is much longer than I intended when I sat down to write, and I trust you will pardon me for writing so much.

I remain, yours truly,  
E. G. SPAULDING.

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#### PRESIDENT LINCOLN'S VETO.

*President's Message in favor of a National Currency, but vetoing, irredeemable bank notes in the District of Columbia, June 23, 1862.*

*To the Senate of the United States :*

The bill which has passed the House of Representatives and the Senate, entitled, 'An act to repeal that part of an act of Congress which prohibits the circulation of bank notes of a less denomination than five dollars in the District of Columbia,' has received my attentive consideration, and I now return it to the Senate, in which it originated, with the following objections :

1. The bill proposes to repeal the existing legislation prohibiting the circulation of bank notes of a less denomination than five dollars within the District of Columbia, without permitting the issuing of such bills by banks not now legally authorized to issue them. In my judgment it will be found impracticable, in the present condition of the currency, to make such a discrimination. The banks have generally suspended specie payments, and a legal sanction given to the circulation of the irredeemable notes of one class of them will almost certainly be so extended in practical operation as to include those of all classes, whether authorized or unauthorized. If this view be correct, the currency of the District, should this act become a law, will certainly and greatly deteriorate, to the serious injury of honest trade and honest labor.

2. This bill seems to contemplate no end which cannot be otherwise more certainly and beneficially attained. During the existing war, it is peculiarly the duty of the national Government to secure to the people a sound circulating medium. This duty has been, under existing circumstances, satisfactorily performed, in part at least, by authorizing the issue of United States notes receivable for all Government dues except customs, and made a legal tender for all debts, public and private, except interest on the public debt. The object of the bill submitted to me, namely, that of providing a small note currency during the present suspension, can be fully accomplished by authorizing the issue, as part of any new emission of United States notes, made necessary by the circumstances of the country, of notes of a similar character, but of less denomination than five dollars. Such an issue would answer all the beneficial purposes of the bill ; would save a considerable amount to the Treasury in interest ; would greatly facilitate payments to soldiers and other creditors of small sums, and would furnish to the people a currency as safe as their own Government.

Entertaining these objections to the bill, I feel myself constrained to withhold from it my approval, and return it for the further consideration and action of Congress.

ABRAHAM LINCOLN.

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SPEECH OF HON. E.G. SPAULDING, OF NEW YORK,  
DELIVERED IN THE HOUSE OF REPRESENTATIVES,  
Friday, May 3d, 1862.

The House having under consideration the bills to confiscate the property and free from servitude the slaves of rebels, Mr. Spaulding said :

Mr. SPEAKER—It seems to be right and proper, while we are taxing our own loyal people to pay the enormous expenses of this war, that we should endeavor to make the ring-leaders of the rebellion, who have fomented and brought on this terrible state of things, pay as large a portion of these expenses as is possible. To this end it is fit and proper that Congress should exert all the power it possesses in confiscating the property of rebels, and having it sold under an order of the court, and the proceeds thereof, paid into the Treasury of the United States ; and also that such rebels should be deprived of the labor and services of their slaves, from which they derive their chief support. These propositions are now pending in this House, and we shall be called to vote upon them on Monday next. These are important measures, and I desire to say a few words before giving my vote. After the able arguments that have been made in the Senate and House by those who have been especially charged with the subject of confiscating the property of rebels and the emancipation of their slaves, I do not deem it necessary for me to

make any extended remarks.

Sir, the time has come when we must meet the actual condition of things, and dispose of these and other momentous questions presented for our consideration in a practical way, and with a firm determination to suppress this rebellion and establish law and order in every part of the United States. Success, regardless of the cost, is the all-important thing to be attained. This rebellion must be crushed out, and all the means which God has given us must, sooner or later, be brought into requisition to accomplish that result. The sooner we earnestly put forth every effort, and apply all the means at our command, the sooner will the rebellion be suppressed, and the less of life and treasure will be expended.

What is the actual condition of things ? All the horrors of war are upon us. War on a gigantic scale—savage, unrelenting war is waged against us by the rebels. Not only do they kill our brave sons and brothers on the field of battle, but they murder them stealthily, stab and scalp them when wounded, and disfigure and mangle them after they are dead. The rebel ; in arms against us are enemies *de facto*, possessed of all the bitterness and determination of the most unrelenting foreign enemies. We are obliged to accept this condition of things. It has been forced upon us by their own acts. The life of the nation is attacked, and a most determined effort made to overthrow the Government of the United States in all of the confederate States. They *are* our enemies. I am disposed, while they are so in rebellion, to treat them as enemies, and to give them only the rights of war, and apply to them all the disabilities and penalties of war.

As alien enemies, throwing off all allegiance to the Government, trampling the Constitution and laws of the United States under their feet, how can they claim any protection from us ? As enemies *de facto*, they call claim no rights except the rights of war. Any gentleman on this floor holding up the Constitution as a shield to protect these rebels it seems to me has not duly considered the subject. Is it possible that men who utterly repudiate the Constitution, confederate together, declare war, issue letters of marque and reprisal, and are in open war against us, can claim any rights under the Constitution ? The laws of war are against it. Common sense and common justice would revolt at any such claim, even if the public law was not so emphatically against it.

If we were to proceed and indict the traitors in arms against the Government for treason, (as we have an undoubted right to do,) under the provisions of the Constitution, then they might, in such case, claim to have their criminality decided by the court, under the strict rules of the common law and the Constitution and statute laws of the United States. In such a case, the argument of the gentleman from Massachusetts [Mr. Thomas,] might have some application. But when the traitors are engaged in actual war, then you apply to them the laws of war. Having themselves repudiated the Constitution, and having expelled the United States courts from all the rebel States, so that you cannot indict and try them under the ordinary forms of judicial proceedings, they cannot complain if you apply to them the laws which are clearly applicable to the position which they have voluntarily, but most criminally, chosen for themselves. Having declared war against the United States, they must submit to all the rules of civilized warfare, and if their property is confiscated and their slaves emancipated, they have no right to complain.

What is the war power conferred on the President and Congress ? By the Constitution, the President is made ' Commander-in-Chief of the army and navy of the United States, and of the

militia of the several States when called into the actual service of the United States.' The Constitution confers on Congress the power, first, 'to raise and support armies;' second, 'to provide and maintain a navy ;' third, 'to make rules for the government of the land and naval forces;' fourth, 'to provide for calling forth the militia to execute the laws of the Union, suppress insurrections, and repel invasions;' fifth, 'to grant letters of marque and reprisal ; sixth, 'to make rules concerning captures on land and water ; seventh, 'to declare war ;' eighth, 'to make all laws which shall be necessary and proper for carrying into execution the foregoing powers.' In pursuance of these war powers conferred on Congress by the Constitution, laws have been passed to carry them into execution. The public laws of nations declare the rights and penalties of war. More than one hundred articles of war have been adopted by Congress for the government of our army. At the extra session in July last, Congress passed various laws which were then deemed 'necessary' to crush out the rebellion. Congress passed those laws, and the President executes them, in accordance with the rights of war.

Among the rights of war is the power to confiscate the enemy's property and liberate their slaves. One of the express powers conferred on Congress by the Constitution, is to call out the militia 'to suppress insurrections,' which means that you have unlimited power to effectually suppress the present or any other insurrection. All the means necessary may be employed to suppress it. Nothing within the range of civilized warfare is withheld from you in this crisis. Congress may, in the language of the Constitution, pass 'all laws which may be necessary and proper' to suppress the 'insurrection.' If the laws now on the statute-book are not sufficient, it is our duty to pass other and more stringent laws, confer more power on the President, give him ample power to make our success complete and certain. Let the rebellion be terminated in the shortest time, and with the least possible sacrifice of life and treasure. The continuance of the war is extremely hard and exhausting to our volunteer soldiers, and the enormous expenses will impose heavy burdens upon the people. Every consideration of patriotism and duty requires us to put into active exercise at once all the means within our reach to bring the war to a speedy and successful termination.

What are the rights of war, and what are the ordinary means which may be brought against these rebels to weaken their power and crush out the rebellion ? As enemies *de facto* it is conceded you may blockade their ports, preventing all exports and all imports or supplies from abroad ; you may cut off all internal supplies by depriving them of the use of railroads, canals, lakes, rivers, and all other means of transportation ; you may cut off all communication by mail, telegraph, express, or otherwise ; you may capture their vessels, their supply trains, sink their ships, destroy their military stores, and meet them face to face in battle, and kill, capture and disperse their hostile forces. All these ordinary means have been tried during the last year, and still the ring-leaders who fomented this rebellion are more desperate than ever. War, gigantic, unrelenting war, still goes on. The rebels are more determinedly our enemies than ever before ; and a call is made by the President for more troops to fight them. In this state of things what is to be done ? Are there no other means that can be used to strengthen ourselves and weaken the power of the rebels, and thereby insure their defeat ? This is the great question we are now considering. All the authorities sustain the doctrine that you may, under the war power, confiscate the property of enemies, and may liberate their slaves.

On the power of liberating slaves, John Quincy Adams lays down the doctrine that, in time of war, civil or foreign, ' not only the President of the United States, but the commander of an

army, has the power to order the universal emancipation of the slaves.' It is evident, however, that he regarded it as a power subject to the action of Congress. With a call to suppress insurrection, he says, 'comes full and plenary power to the Senate and House over the whole subject. It is a war power.'

The extreme measures of confiscating the private property of rebels, and the liberation of their slaves, have not yet been tried to any considerable extent during the war. Is it a war measure necessary to success at this time? If it is necessary, will Congress and the President have the courage and the firmness to exercise this power boldly? Will this Government strike these rebels where it will do them the most harm? Will you take from them their property and liberate their slaves? Will you deprive them of the most effective means of carrying on the war? Take away their individual property, and deprive them of the labor and services of their slaves, and you strike a blow at the heart of the rebellion. You would then strike directly at the root of the evil. Give a death-blow to slavery, and you would soon be able to terminate the war. We have already taken some positive steps in advance on the slavery question during the present session. Slavery has been abolished in the District of Columbia. The capital of the nation is forever freed from the taint of involuntary servitude. We have passed a new article of war, which prohibits commanders of divisions from returning slaves that voluntarily come within their lines. We have extended the ordinance of 1787, prohibiting slavery in all the Territories of the United States. And we have passed a resolution offering pecuniary aid to States that shall enter upon a gradual emancipation of the slaves within their limits. These enactments are in accordance with public sentiment and the progressive spirit of the age. Shall we advance still further in the work of emancipation? This depends somewhat upon the necessity of such a measure and the probable duration of the war. How long is the war to continue? No man here is wise enough to determine how long it will continue, nor how much blood and treasure will be expended in its prosecution. The Richmond *Enquirer* (official organ of the confederate administration) uses the following language, evidently by authority:

'But we are gratified to say that the time has come when, for the future at least, we all shall be agreed. All voluntary falling back has ended, and the fighting has commenced. What the enemy gains henceforth he gains by the bayonet. What we can win from him we will have. We will break his columns, and pursue him into his own country, if God shall prosper our arms. Strike? strike often, strike hard, strike at every opportunity—is henceforth the rule. Vigilance, activity, enterprise, daring, are, we trust, to be its interpreter.'

The longer the war continues, the more desperate will it become, and the more certain will it be that slavery is doomed. The advice of the Richmond *Enquirer* to the rebels, to 'strike! strike often, strike hard, strike at every opportunity,' shows the desperate character of their cause. Are we to be struck often, and struck hard at every opportunity, without giving hard blows in return? I trust not. War means to strike often and strike hard on both sides. 'An eye for an eye, and a tooth for a tooth.' War teaches us to use all the means within our power to strengthen ourselves and to weaken our enemy. Let us weaken him in every possible way within the rules of civilized warfare. We should strike him personally, strip him of his property, and strike the shackles from every slave that by his labor, and services gives him support.

**These are the rights of war, and I am prepared to see them fully enforced.**

**We have been forced by rebels into this unnatural and unnecessary war. We have already expended over six hundred millions of dollars in its prosecution ; besides, what is of far greater consequence, many thousands of our brave soldiers have been slain on the field of battle, and have died by disease brought on by the perils and hardships of the campaign. Is all this blood and treasure to be expended without accomplishing anything beneficial to the nation, to civilization, and the rights of man ? I trust not. We now want and must have a final settlement of this whole difficulty. Slavery was the cause of this gigantic and wicked rebellion. Slavery should receive its doom, thereby removing the cause of future difficulty. Rebels have fomented and brought on the war, and their property should pay a large share of the expenses incurred. These questions must now be met. They cannot be postponed. The laws of God and man require us to vote on the side of justice and humanity. I shall, under the circumstances, vote to confiscate the property of leading rebels, and to liberate their slaves.**

December 3, 1861

Fellow Citizens of the Senate and House of Representatives:

In the midst of unprecedented political troubles, we have cause of great gratitude to God for unusual good health, and most abundant harvests.

You will not be surprised to learn that, in the peculiar exigencies of the times, our intercourse with foreign nations has been attended with profound solicitude, chiefly turning upon our own domestic affairs.

A disloyal portion of the American people have, during the whole year, been engaged in an attempt to divide and destroy the Union. A nation which endures factious domestic division, is exposed to disrespect abroad; and one party, if not both, is sure, sooner or later, to invoke foreign intervention.

Nations, thus tempted to interfere, are not always able to resist the counsels of seeming expediency, and ungenerous ambition, although measures adopted under such influences seldom fail to be unfortunate and injurious to those adopting them.

The disloyal citizens of the United States who have offered the ruin of our country, in return for the aid and comfort which they have invoked abroad, have received less patronage and encouragement than they probably expected. If it were just to suppose, as the insurgents have seemed to assume, that foreign nations, in this case, discarding all moral, social, and treaty obligations, would act solely, and selfishly, for the most speedy restoration of commerce, including, especially, the acquisition of cotton, those nations appear, as yet, not to have seen their way to their object more directly, or clearly, through the destruction, than through the preservation, of the Union. If we could dare to believe that foreign nations are actuated by no higher principle than this, I am quite sure a sound argument could be made to show them that they can reach their aim more readily, and easily, by aiding to crush this rebellion, than by giving encouragement to it.

The principal lever relied on by the insurgents for exciting foreign nations to hostility against us, as already intimated, is the embarrassment of commerce. Those nations, however, not improbably, saw from the first, that it was the Union which made as well our foreign, as our domestic, commerce. They can scarcely have failed to perceive that the effort for disunion produces the existing difficulty; and that one strong nation promises more durable peace, and a more extensive, valuable and reliable commerce, than can the same nation broken into hostile fragments.

It is not my purpose to review our discussions with foreign states, because whatever might be their wishes, or dispositions, the integrity of our country, and the stability of our government, mainly depend, not upon them, but on the loyalty, virtue, patriotism, and intelligence of the American people. The correspondence itself, with the usual reservations, is herewith submitted

[2] .

I venture to hope it will appear that we have practiced prudence, and liberality towards foreign powers, averting causes of irritation; and, with firmness, maintaining our own rights and honor.

Since, however, it is apparent that here, as in every other state, foreign dangers necessarily attend domestic difficulties, I recommend that adequate and ample measures be adopted for maintaining the public defences on every side. While, under this general recommendation, provision for defending our sea-coast line readily occurs to the mind, I also, in the same connexion, ask the attention of Congress to our great lakes and rivers. It is believed that some fortifications and depots of arms and munitions, with harbor and navigation improvements, all at well selected points upon these, would be of great importance to the national defence and preservation. I ask attention to the views of the Secretary of War, expressed in his report, [3] upon the same general subject.

I deem it of Importance that the loyal regions of East Tennessee and western North Carolina should be connected with Kentucky, and other faithful parts of the Union, by railroad. I therefore recommend, as a military measure, that Congress provide for the construction of such road, as speedily as possible. Kentucky, no doubt, will co-operate, and, through her legislature, make the most judicious selection of a line. The northern terminus must connect with some existing railroad; and whether the route shall be from Lexington, or Nicholasville, to the Cumberland Gap; or from Lebanon to the Tennessee line, in the direction of Knoxville; or on some still different line, can easily be determined. Kentucky and the general government co-operating, the work can be completed in a very short time; and when done, it will be not only of vast present usefulness, but also a valuable permanent improvement, worth its cost in all the future.

Some treaties, designed chiefly for the interests of commerce, and having no grave political importance, have been negotiated, and will be submitted to the Senate for their consideration. Although we have failed to induce some of the commercial powers to adopt a desirable melioration of the rigor of maritime war, we have removed all obstructions from the way of this humane reform, except such as are merely of temporary and accidental occurrence.

I invite your attention to the correspondence between her Britannic Majesty's minister accredited to this government, and the Secretary of State, relative to the detention of the British ship Perthshire in June last, by the United States steamer Massachusetts, for a supposed breach of the blockade. [4]As this detention was occasioned by an obvious misapprehension of the facts, and as justice requires that we should commit no belligerent act not founded in strict right, as sanctioned by public law, I recommend that an appropriation be made to satisfy the reasonable demand of the owners of the vessel for her detention.

I repeat the recommendation of my predecessor, in his annual message to Congress in December last, in regard to the disposition of the surplus which will probably remain after satisfying the claims of American citizens against China, pursuant to the awards of the commissioners under the act of the 3rd of March, 1859. [5]If, however, it should not be deemed advisable to carry that recommendation into effect, I would suggest that authority be given for investing the principal, over the proceeds of the surplus referred to, in good securities, with a view to the satisfaction of such other just claims of our citizens against China as are not unlikely to arise hereafter in the course of our extensive trade with that Empire.

By the act of the 5th of August last, Congress authorized the President to instruct the commanders of suitable vessels to defend themselves against, and to capture pirates. This authority has been exercised in a single instance only. [6]For the more effectual protection of our extensive and valuable commerce, in the eastern seas especially, it seems to me that it would also be advisable to authorize the commanders of sailing vessels to re-capture any prizes which pirates might make of United States vessels and their cargoes, and the consular courts, now established by law in eastern countries, to adjudicate the cases, in the event that this should not be objected to by the local authorities.

If any good reason exists why we should persevere longer in withholding our recognition of the independence and sovereignty of Hayti and Liberia, I am unable to discern it. Unwilling, however, to inaugurate a novel policy in regard to them without the approbation of Congress, I submit for your consideration the expediency of an appropriation for maintaining a Charge d'affaires near each of those new states. It is [*sic*] does not admit of doubt that important commercial advantages might be secured by favorable commercial treaties with them. [7]

The operations of the treasury during the period which has elapsed since your adjournment have been conducted with signal success. The patriotism of the people has placed at the disposal of the government the large means demanded by the public exigencies. Much of the national loan has been taken by citizens of the industrial classes, whose confidence in their country's faith, and zeal for their country's deliverance from present peril, have induced them to contribute to the support of the government the whole of their limited acquisitions. This fact imposes peculiar obligations to economy in disbursement and energy in action.

The revenue from all sources, including loans, for the financial year ending on the 30th June, 1861, was eighty six million, eight hundred and thirty five thousand, nine hundred dollars, and twenty seven cents, (\$86,835,900.27,) and the expenditures for the same period, including payments on account of the public debt, were eighty four million, five hundred and seventy eight thousand, eight hundred and thirty four dollars and forty seven cents, (\$84,578,834.47;) leaving a balance in the treasury, on the 1st July, of two million, two hundred and fifty seven thousand, sixty five dollars and eighty cents, (\$2,257,065.80.) For the first quarter of the financial year, ending on the 30th September, 1861, the receipts from all sources, including the balance of first of July, were [8]\$102,532,509.27, and the expenses \$98,239,733.09; leaving a balance on the 1st of October, 1861, of \$4,292,776.18.

Estimates for the remaining three quarters of the year, and for the financial year 1863, together with his views of ways and means for meeting the demands contemplated by them, will be submitted to Congress by the Secretary of the Treasury. It is gratifying to know that the expenditures made necessary by the rebellion are not beyond the resources of the loyal people, and to believe that the same patriotism which has thus far sustained the government will continue to sustain it till Peace and Union shall again bless the land.

I respectfully refer to the report of the Secretary of War for information respecting the numerical strength of the army, and for recommendations having in view an increase of its efficiency and the well being of the various branches of the service intrusted to his care. [9]It is

gratifying to know that the patriotism of the people has proved equal to the occasion, and that the number of troops tendered greatly exceeds the force which Congress authorized me to call into the field.

I refer with pleasure to those portions of his report which make allusion to the creditable degree of discipline already attained by our troops, and to the excellent sanitary condition of the entire army.

The recommendation of the Secretary for an organization of the militia upon a uniform basis, is a subject of vital importance to the future safety of the country, and is commended to the serious attention of Congress.

The large addition to the regular army, in connexion with the defection that has so considerably diminished the number of its officers, gives peculiar importance to his recommendation for increasing the corps of cadets to the greatest capacity of the Military Academy.

By mere omission, I presume, Congress has failed to provide chaplains for hospitals occupied by volunteers. This subject was brought to my notice, and I was induced to draw up the form of a letter, one copy of which, properly addressed, has been delivered to each of the persons, and at the dates respectively named and stated, in a schedule, containing also the form of the letter, marked A, and herewith transmitted. [10]

These gentlemen, I understand, entered upon the duties designated, at the times respectively stated in the schedule, and have labored faithfully therein ever since. I therefore recommend that they be compensated at the same rate as chaplains in the army. I further suggest that general provision be made for chaplains to serve at hospitals, as well as with regiments.

The report of the Secretary of the Navy [11] presents in detail the operations of that branch of the service, the activity and energy which have characterized its administration, and the results of measures to increase its efficiency and power. Such have been the additions, by construction and purchase, that it may almost be said a navy has been created and brought into service since our difficulties commenced.

Besides blockading our extensive coast, squadrons larger than ever before assembled under our flag have been put afloat and performed deeds which have increased our naval renown.

I would invite special attention to the recommendation of the Secretary for a more perfect organization of the navy by introducing additional grades in the service.

The present organization is defective and unsatisfactory, and the suggestions submitted by the department will, it is believed, if adopted, obviate the difficulties alluded to, promote harmony, and increase the efficiency of the navy.

There are three vacancies on the bench of the Supreme Court---two by the decease of Justices Daniel and McLean, and one by the resignation of Justice Campbell. I have so far forbore making nominations to fill these vacancies for reasons which I will now state. Two of the outgoing judges resided within the States now overrun by revolt; so that if successors were appointed in the same localities, they could not now serve upon their circuits; and many of the most competent men there, probably would not take the personal hazard of accepting to serve, even here, upon the supreme bench. I have been unwilling to throw all the appointments

northward, thus disabling myself from doing justice to the south on the return of peace; although I may remark that to transfer to the north one which has heretofore been in the south, would not, with reference to territory and population, be unjust.

During the long and brilliant judicial career of Judge McLean his circuit grew into an empire---altogether too large for any one judge to give the courts therein more than a nominal attendance---rising in population from one million four hundred and seventy-thousand and eighteen, in 1830, to six million one hundred and fifty-one thousand four hundred and five, in 1860.

Besides this, the country generally has outgrown our present judicial system. If uniformity was [12] at all intended, the system requires that all the States shall be accommodated with circuit courts, attended by supreme judges, while, in fact, Wisconsin, Minnesota, Iowa, Kansas, Florida, Texas, California, and Oregon, have never had any such courts. Nor can this well be remedied without a change of the system; because the adding of judges to the Supreme Court, enough for the accommodation of all parts of the country, with circuit courts, would create a court altogether too numerous for a judicial body of any sort. And the evil, if it be one, will increase as new States come into the Union. Circuit courts are useful, or they are not useful. If useful, no State should be denied them; if not useful, no State should have them. Let them be provided for all, or abolished as to all.

Three modifications occur to me, either of which, I think, would be an improvement upon our present system. Let the Supreme Court be of convenient number in every event. Then, first, let the whole country be divided into circuits of convenient size, the supreme judges to serve in a number of them corresponding to their own number, and independent circuit judges be provided for all the rest. Or, secondly, let the supreme judges be relieved from circuit duties, and circuit judges provided for all the circuits. Or, thirdly, dispense with circuit courts altogether, leaving the judicial functions wholly to the district courts and an independent Supreme Court. [13]

I respectfully recommend to the consideration of Congress the present condition of the statute laws, with the hope that Congress will be able to find an easy remedy for many of the inconveniences and evils which constantly embarrass those engaged in the practical administration of them. Since the organization of the government, Congress has enacted some five thousand acts and joint resolutions, which fill more than six thousand closely printed pages, and are scattered through many volumes. Many of these acts have been drawn in haste and without sufficient caution, so that their provisions are often obscure in themselves, or in conflict with each other, or at least so doubtful as to render it very difficult for even the best informed persons to ascertain precisely what the statute law really is.

It seems to me very important that the statute laws should be made as plain and intelligible as possible, and be reduced to as small a compass as may consist with the fullness and precision of the will of the legislature and the perspicuity of its language. This, well done, would, I think, greatly facilitate the labors of those whose duty it is to assist in the administration of the laws, and would be a lasting benefit to the people, by placing before them, in a more accessible and intelligible form, the laws which so deeply concern their interests and their duties.

I am informed by some whose opinions I respect, that all the acts of Congress now in force, and of a permanent and general nature, might be revised and re-written, so as to be embraced in one volume (or at most, two volumes) of ordinary and convenient size. And I respectfully recommend to Congress to consider of the subject, and, if my suggestion be approved, to devise such plan as to their wisdom shall seem most proper for the attainment of the end proposed. [14]

One of the unavoidable consequences of the present insurrection is the entire suppression, in many places, of all the ordinary means of administering civil justice by the officers and in the forms of existing law. This is the case, in whole or in part, in all the insurgent States; and as our armies advance upon and take possession of parts of those States, the practical evil becomes more apparent. There are no courts nor officers to whom the citizens of other States may apply for the enforcement of their lawful claims against citizens of the insurgent States; and there is a vast amount of debt constituting such claims. Some have estimated it as high as two hundred million dollars, due, in large part, from insurgents, in open rebellion, to loyal citizens who are, even now, making great sacrifices in the discharge of their patriotic duty to support the government.

Under these circumstances, I have been urgently solicited to establish, by military power, courts to administer summary justice in such cases. I have thus far declined to do it, not because I had any doubt that the end proposed---the collection of the debts---was just and right in itself, but because I have been unwilling to go beyond the pressure of necessity in the unusual exercise of power. But the powers of Congress I suppose are equal to the anomalous occasion, and therefore I refer the whole matter to Congress, with the hope that a plan may be devised for the administration of justice in all such parts of the insurgent States and Territories as may be under the control of this government, whether by a voluntary return to allegiance and order or by the power of our arms. This, however, not to be a permanent institution, but a temporary substitute, and to cease as soon as the ordinary courts can be re-established in peace.

It is important that some more convenient means should be provided, if possible, for the adjustment of claims against the government, especially in view of their increased number by reason of the war. It is as much the duty of government to render prompt justice against itself, in favor of citizens, as it is to administer the same, between private individuals. The investigation and adjudication of claims, in their nature belong to the judicial [15]department; besides it is apparent that the attention of Congress, will be more than usually engaged, for some time to come, with great national questions. It was intended, by the organization of the court of claims, mainly to remove this branch of business from the halls of Congress; but while the court has proved to be an effective, and valuable means of investigation, it in great degree fails to effect the object of its creation, for want of power to make its judgments final.

Fully aware of the delicacy, not to say the danger, of the subject, I commend to your careful consideration whether this power of making judgments final, may not properly be given to the court, reserving the right of appeal on questions of law to the Supreme Court, with such other provisions as experience may have shown to be necessary. [16]

I ask attention to the report of the Postmaster General, the following being a summary statement

of the condition of the department:

The [17] revenue from all sources during the fiscal year ending June 30. 1861, including the annual permanent appropriation of seven hundred thousand dollars (\$700,000) for the transportation of "free mail matter," was nine million, forty nine thousand, two hundred and ninety six dollars and forty cents (\$9,049,296.40) being about two per cent. less than the revenue for 1860.

The expenditures were thirteen million, six hundred and six thousand, seven hundred and fifty nine dollars and eleven cents. (\$13,606,759.11) showing a decrease of more than eight per cent. as compared with those of the previous year, and leaving an excess of expenditure over the revenue for the last fiscal year of four million, five hundred and fifty seven thousand, four hundred and sixty two dollars and seventy one cents (\$4,557,462.71.)

The gross revenue for the year ending June 30, 1863, is estimated at an increase of four per cent. on that of 1861, making eight million, six hundred and eighty three thousand dollars (\$8,683,000) to which should be added the earnings of the department in carrying free matter, viz: seven hundred thousand dollars (\$700,000.) making nine million, three hundred and eighty three thousand dollars, (\$9,383,000.)

The total expenditures for 1863 are estimated at \$12,528,000, leaving an estimated deficiency of \$3,145,000, to be supplied from the treasury, in addition to the permanent appropriation.

The present insurrection shows, I think, that the extension of this District across the Potomac river, at the time of establishing the capital here, was eminently wise, and consequently that the relinquishment of that portion of it which lies within the State of Virginia was unwise and dangerous. I submit for your consideration the expediency of regaining that part of the District, and the restoration of the original boundaries thereof, through negotiations with the State of Virginia. [18]

The report of the Secretary of the Interior, [19] with the accompanying documents, exhibits the condition of the several branches of the public business pertaining to that department. The depressing influences of the insurrection have been especially felt in the operations of the Patent and General Land Offices. The cash receipts from the sales of public lands during the past year have exceeded the expenses of our land system only about \$200,000. The sales have been entirely suspended in the southern States, while the interruptions to the business of the country, and the diversion of large numbers of men from labor to military service, have obstructed settlements in the new States and Territories of the northwest.

The receipts of the Patent Office have declined in nine months about \$100,000, rendering a large reduction of the force employed necessary to make it self sustaining.

The demands upon the Pension Office will be largely increased by the insurrection. Numerous applications for pensions, based upon the casualties of the existing war, have already been made. There is reason to believe that many who are now upon the pension rolls and in receipt of the bounty of the government, are in the ranks of the insurgent army, or giving them aid and comfort. The Secretary of the Interior has directed a suspension of the payment of the pensions of such persons upon proof of their disloyalty. I recommend that Congress authorize that officer

to cause the names of such persons to be stricken from the pension rolls.

The relations of the government with the Indian tribes have been greatly disturbed by the insurrection, especially in the southern superintendency and in that of New Mexico. The Indian country south of Kansas is in the possession of insurgents from Texas and Arkansas. The agents of the United States appointed since the 4th. of March for this superintendency have been unable to reach their posts, while the most of those who were in office before that time have espoused the insurrectionary cause, and assume to exercise the powers of agents by virtue of commissions from the insurrectionists. It has been stated in the public press that a portion of those Indians have been organized as a military force, and are attached to the army of the insurgents. Although the government has no official information upon this subject, letters have been written to the Commissioner of Indian Affairs by several prominent chiefs, giving assurance of their loyalty to the United States, and expressing a wish for the presence of federal troops to protect them. It is believed that upon the repossession of the country by the federal forces the Indians will readily cease all hostile demonstrations, and resume their former relations to the government.

Agriculture, confessedly the largest interest of the nation, has, not a department, nor a bureau, but a clerkship only, assigned to it in the government. While it is fortunate that this great interest is so independent in its nature as to not have demanded and extorted more from the government, I respectfully ask Congress to consider whether something more cannot be given voluntarily with general advantage. [20]

Annual reports exhibiting the condition of our agriculture, commerce, and manufactures would present a fund of information of great practical value to the country. While I make no suggestion as to details, I venture the opinion that an agricultural and statistical bureau might profitably be organized.

The execution of the laws for the suppression of the African slave trade, has been confided to the Department of the Interior. It is a subject of gratulation that the efforts which have been made for the suppression of this inhuman traffic, have been recently attended with unusual success. Five vessels being fitted out for the slave trade have been seized and condemned. [21] Two mates of vessels engaged in the trade, and one person in equipping a vessel as a slaver, have been convicted and subjected to the penalty of fine and imprisonment, and one captain, taken with a cargo of Africans on board his vessel, has been convicted of the highest grade of offence under our laws, the punishment of which is death. [22]

The Territories of Colorado, Dakotah and Nevada, created by the last Congress, have been organized, and civil administration has been inaugurated therein under auspices especially gratifying, when it is considered that the leaven of treason was found existing in some of these new countries when the federal officers arrived there.

The abundant natural resources of these Territories, with the security and protection afforded by organized government, will doubtless invite to them a large immigration when peace shall restore the business of the country to its accustomed channels. I submit the resolutions of the legislature of Colorado, which evidence the patriotic spirit of the people of the Territory. So far

the authority of the United States has been upheld in all the Territories, as it is hoped it will be in the future. I commend their interests and defence to the enlightened and generous care of Congress.

I recommend to the favorable consideration of Congress the interests of the District of Columbia. The insurrection has been the cause of much suffering and sacrifice to its inhabitants, and as they have no representative in Congress, that body should not overlook their just claims upon the government.

At your late session a joint resolution was adopted authorizing the President to take measures for facilitating a proper representation of the industrial interests of the United States at the exhibition of the industry of all nations to be holden at London in the year 1862. I regret to say I have been unable to give personal attention to this subject,---a subject at once so interesting in itself, and so extensively and intimately connected with the material prosperity of the world. Through the Secretaries of State and of the Interior a plan, or system, has been devised, and partly matured, and which will be laid before you. [23]

Under and by virtue of the act of Congress entitled ``An act to confiscate property used for insurrectionary purposes," approved August, 6, 1861, the legal claims of certain persons to the labor and service of certain other persons have become forfeited; and numbers of the latter, thus liberated, are already dependent on the United States, and must be provided for in some way. Besides this, it is not impossible that some of the States will pass similar enactments for their own benefit respectively, and by operation of which persons of the same class will be thrown upon them for disposal. In such case I recommend that Congress provide for accepting such persons from such States, according to some mode of valuation, in lieu, *pro tanto* , of direct taxes, or upon some other plan to be agreed on with such States respectively; that such persons, on such acceptance by the general government, be at once deemed free; and that, in any event, steps be taken for colonizing both classes, (or the one first mentioned, if the other shall not be brought into existence,) at some place, or places, in a climate congenial to them. It might be well to consider, too,---whether the free colored people already in the United States could not, so far as individuals may desire, be included in such colonization. [24]

To carry out the plan of colonization may involve the acquiring of territory, and also the appropriation of money beyond that to be expended in the territorial acquisition. Having practiced the acquisition of territory for nearly sixty years, the question of constitutional power to do so is no longer an open one with us. The power was questioned at first by Mr. Jefferson, who, however, in the purchase of Louisiana, yielded his scruples on the plea of great expediency. If it be said that the only legitimate object of acquiring territory is to furnish homes for white men, this measure effects that object; for the emigration of colored men leaves additional room for white men remaining or coming here. Mr. Jefferson, however, placed the importance of procuring Louisiana more on political and commercial grounds than on providing room for population.

On this whole proposition,---including the appropriation of money with the acquisition of territory, does not the expediency amount to absolute necessity---that, without which the

government itself cannot be perpetuated? The war continues. In considering the policy to be adopted for suppressing the insurrection, I have been anxious and careful that the inevitable conflict for this purpose shall not degenerate into a violent and remorseless revolutionary struggle. I have, therefore, in every case, thought it proper to keep the integrity of the Union prominent as the primary object of the contest on our part, leaving all questions which are not of vital military importance to the more deliberate action of the legislature.

In the exercise of my best discretion I have adhered to the blockade of the ports held by the insurgents, instead of putting in force, by proclamation, the law of Congress enacted at the late session, for closing those ports. [25]

So, also, obeying the dictates of prudence, as well as the obligations of law, instead of transcending, I have adhered to the act of Congress to confiscate property used for insurrectionary purposes. If a new law upon the same subject shall be proposed, its propriety will be duly considered.

The Union must be preserved, and hence, all indispensable means must be employed. We should not be in haste to determine that radical and extreme measures, which may reach the loyal as well as the disloyal, are indispensable.

The inaugural address at the beginning of the Administration, and the message to Congress at the late special session, were both mainly devoted to the domestic controversy out of which the insurrection and consequent war have sprung. Nothing now occurs to add or subtract, to or from, the principles or general purposes stated and expressed in those documents.

The last ray of hope for preserving the Union peaceably, expired at the assault upon Fort Sumter; and a general review of what has occurred since may not be unprofitable. What was painfully uncertain then, is much better defined and more distinct now; and the progress of events is plainly in the right direction. The insurgents confidently claimed a strong support from north of Mason and Dixon's line; and the friends of the Union were not free from apprehension on the point. This, however, was soon settled definitely and on the right side. South of the line, noble little Delaware led off right from the first. Maryland was made to *seem* against the Union. Our soldiers were assaulted, bridges were burned, and railroads torn up, within her limits; and we were many days, at one time, without the ability to bring a single regiment over her soil to the capital. Now, her bridges and railroads are repaired and open to the government; she already gives seven regiments to the cause of the Union and none to the enemy; and her people, at a regular election, have sustained the Union, by a larger majority, and a larger aggregate vote than they ever before gave to any candidate, or any question. Kentucky, too, for some time in doubt, is now decidedly, and, I think, unchangeably, ranged on the side of the Union. Missouri is comparatively quiet; and I believe cannot again be overrun by the insurrectionists. These three States of Maryland, Kentucky, and Missouri, neither of which would promise a single soldier at first, have now an aggregate of not less than forty thousand in the field, for the Union; while, of their citizens, certainly not more than a third of that number, and they of doubtful whereabouts, and doubtful existence, are in arms against it. After a somewhat bloody struggle of months, winter closes on the Union people of western Virginia, leaving them masters of their own

country.

An insurgent force of about fifteen hundred, for months dominating the narrow peninsular region, constituting the counties of Accomac and Northampton, and known as eastern shore of Virginia, together with some contiguous parts of Maryland, have laid down their arms; and the people there have renewed their allegiance to, and accepted the protection of, the old flag. This leaves no armed insurrectionist north of the Potomac, or east of the Chesapeake.

Also we have obtained a footing at each of the isolated points, on the southern coast, of Hatteras, Port Royal, Tybee Island, near Savannah, and Ship Island; and we likewise have some general accounts of popular movements, in behalf of the Union, in North Carolina and Tennessee.

These things demonstrate that the cause of the Union is advancing steadily and certainly southward.

Since your last adjournment, Lieutenant General Scott has retired from the head of the army. During his long life, the nation has not been unmindful of his merit; yet, on calling to mind how faithfully, ably and brilliantly he has served the country, from a time far back in our history, when few of the now living had been born, and thenceforward continually, I cannot but think we are still his debtors. I submit, therefore, for your consideration, what further mark of recognition is due to him, and to ourselves, as a grateful people.

With the retirement of General Scott came the executive duty of appointing, in his stead, a general-in-chief of the army. It is a fortunate circumstance that neither in council nor country was there, so far as I know, any difference of opinion as to the proper person to be selected. The retiring chief repeatedly expressed his judgment in favor of General McClellan for the position; and in this the nation seemed to give a unanimous concurrence. The designation of General McClellan is therefore in considerable degree, the selection of the Country as well as of the Executive; and hence there is better reason to hope there will be given him, the confidence, and cordial support thus, by fair implication, promised, and without which, he cannot, with so full efficiency, serve the country.

It has been said that one bad general is better than two good ones; and the saying is true, if taken to mean no more than that an army is better directed by a single mind, though inferior, than by two superior ones, at variance, and cross-purposes with each other.

And the same is true, in all joint operations wherein those engaged, *can* have none but a common end in view, and *can* differ only as to the choice of means. In a storm at sea, no one on board *can* wish the ship to sink; and yet, not unfrequently, all go down together, because too many will direct, and no single mind can be allowed to control.

It continues to develop that the insurrection is largely, if not exclusively, a war upon the first principle of popular government---the rights of the people. Conclusive evidence of this is found in the most grave and maturely considered public documents, as well as in the general tone of the insurgents. In those documents we find the abridgement of the existing right of suffrage and the denial to the people of all right to participate in the selection of public officers, except the legislative boldly advocated, with labored arguments to prove that large control of the people in

government, is the source of all political evil. Monarchy itself is sometimes hinted at as a possible refuge from the power of the people.

In my present position, I could scarcely be justified were I to omit raising a warning voice against this approach of returning despotism.

It is not needed, nor fitting here, that a general argument should be made in favor of popular institutions; but there is one point, with its connexions, not so hackneyed as most others, to which I ask a brief attention. It is the effort to place *capital* on an equal footing with, if not above *labor*, in the structure of government. It is assumed that labor is available only in connexion with capital; that nobody labors unless somebody else, owning capital, somehow by the use of it, induces him to labor. This assumed, it is next considered whether it is best that capital shall *hire* laborers, and thus induce them to work by their own consent, or *buy* them, and drive them to it without their consent. Having proceeded so far, it is naturally concluded that all laborers are either *hired* laborers, or what we call slaves. And further it is assumed that whoever is once a hired laborer, is fixed in that condition for life.

Now, there is no such relation between capital and labor as assumed; nor is there any such thing as a free man being fixed for life in the condition of a hired laborer. Both these assumptions are false, and all inferences from them are groundless.

Labor is prior to, and independent of, capital. Capital is only the fruit of labor, and could never have existed if labor had not first existed. Labor is the superior of capital, and deserves much the higher consideration. Capital has its rights, which are as worthy of protection as any other rights. Nor is it denied that there is, and probably always will be, a relation between labor and capital, producing mutual benefits. The error is in assuming that the whole labor of community exists within that relation. A few men own capital, and that few avoid labor themselves, and, with their capital, hire or buy another few to labor for them. A large majority belong to neither class---neither work for others, nor have others working for them. In most of the southern States, a majority of the whole people of all colors are neither slaves nor masters; while in the northern a large majority are neither hirers nor hired. Men with their families---wives, sons, and daughters---work for themselves, on their farms, in their houses, and in their shops, taking the whole product to themselves, and asking no favors of capital on the one hand, nor of hired laborers or slaves on the other. It is not forgotten that a considerable number of persons mingle their own labor with capital---that is, they labor with their own hands, and also buy or hire others to labor for them; but this is only a mixed, and not a distinct class. No principle stated is disturbed by the existence of this mixed class.

Again: as has already been said, there is not, of necessity, any such thing as the free hired laborer being fixed to that condition for life. Many independent men everywhere in these States, a few years back in their lives, were hired laborers. The prudent, penniless beginner in the world, labors for wages awhile, saves a surplus with which to buy tools or land for himself; then labors on his own account another while, and at length hires another new beginner to help him. This is the just, and generous, and prosperous system, which opens the way to all---gives hope to all, and consequent energy, and progress, and improvement of condition to all. No men living

are more worthy to be trusted than those who toil up from poverty---none less inclined to take, or touch, aught which they have not honestly earned. **Let them beware of surrendering a political power which they already possess, and which, if surrendered, will surely be used to close the door of advancement against such as they, and to fix new disabilities and burdens upon them, till all of liberty shall be lost.**

From the first taking of our national census to the last are seventy years; and we find our population at the end of the period eight times as great as it was at the beginning. The increase of those other things which men deem desirable has been even greater. We thus have at one view, what the popular principle applied to government, through the machinery of the States and the Union, has produced in a given time; and also what, if firmly maintained, it promises for the future. There are already among us those, who, if the Union be preserved, will live to see it contain two hundred and fifty millions. The struggle of today, is not altogether for today---it is for a vast future also. With a reliance on Providence, all the more firm and earnest, let us proceed in the great task which events have devolved upon us.

December 3, 1861 ABRAHAM LINCOLN

## Annotation

[1] DS, DNA RG 233, Thirty-seventh Congress, Second Session, Original Annual Message of the President---Interior. Pages 14-20 and 27 of the manuscript are missing. For these passages our text follows the printing in *Senate Executive Document No. 1*. The manuscript was copied by several different amanuenses. Only the date line and the signature are in Lincoln's handwriting. No trace of Lincoln's original manuscript has been found.

[2] See Thirty-seventh Congress, Second Session, *Senate Executive Document No. 1*, I, 21-441.

[3] *Ibid.*, II, 8: ``It is of great importance that immediate attention should be given to the condition of our Fortifications upon the seaboard and the Lakes, and upon our exposed frontiers. They should at once be placed in perfect condition for successful defence. Aggressions are seldom made upon a nation ever ready to defend its honor and to repel insults; and we should show to the world, that while engaged in quelling disturbances at home we are able to protect ourselves against attacks from abroad. . . ."

[4] *Ibid.*, I, 177-81. The *Perthshire* left Mobile with a cargo of cotton within the time granted by Proclamations of Blockade (q.v. April 19 and 27, *supra*). On June 9, she was seized and boarded by the U.S.S. *Massachusetts* off Pensacola, but was released on June 12, 1861.

[5] Under the convention with China of November 8, 1858, settlement of claims of U.S. citizens was to come from one-fifth of the receipts for tonnage and export and import duties levied on American vessels at Canton, Shanghai, and Foochow. Buchanan's Annual Message of December 4, 1860, suggested that the surplus of more than \$200,000, remaining after the awards and belonging in equity to China, should be appropriated to ``some benevolent object in which the Chinese may be specially interested."

[6] See Authorization for the *Pembroke* , October 28, *supra* .

[7] Senator Charles Sumner of the committee on Foreign Affairs on February 4, 1862, reported a bill, authorizing appointment of diplomatic representatives to Haiti and Liberia, which was approved and signed by Lincoln on June 5.

[8] From this point to footnote 12 the text is taken from *Senate Executive Document No. 1* .

[9] See *Senate Executive Document No. 1* , II, 3-4, 15-56.

[10] *Vide infra* .

[11] See *Senate Executive Document No. 1* , III.

[12] At this point the manuscript resumes.

[13] An act approved July 15, 1862, created nine circuits including all the states except California and Oregon and repealed all acts giving District Courts the power of circuit courts. Further changes were brought about by the act approved March 3, 1863, which fixed the number of justices of the Supreme Court at nine plus the chief justice, and created the Tenth Circuit consisting of California and Oregon.

[14] Senator Charles Sumner introduced a resolution on December 12, asking that the Committee on the Judiciary consider establishing by law a commission to revise, correct, arrange, and simplify the public statutes, and on January 28, 1862, introduced a bill (S. 174) to effect the object. The bill was sent to the Committee on the Judiciary whence it was reported on May 31 by Senator Lyman Trumbull without amendment for consideration by the Committee of the Whole. Further consideration was postponed ``until 1st Monday in December next," and the bill was not revived. Not until June 27, 1866, was a law approved giving the president authority to appoint three commissioners to accomplish the revision.

[15] Page twenty-seven of the manuscript is missing at this point. The text here follows *Senate Executive Document No. 1* .

[16] A bill introduced on January 9, 1862, by Senator Daniel Clark to amend the Act of February 24, 1855, in accord with Lincoln's suggestion, was not finally approved and signed by the president until March 3, 1863.

[17] The manuscript resumes with this paragraph.

[18] The regaining of that portion of the District of Columbia retroceded to Virginia by act of Congress, July 9, 1846, was the subject of a bill introduced in the House by Representative Charles H. Upton of Virginia, December 4, 1861, but nothing came of it.

[19] See *Senate Executive Document No. 1* , I.

[20] The bill establishing the Department of Agriculture was approved and signed by Lincoln on May 15, 1862.

[21] The vessels and dates of seizure are listed as follows: *Nightingale* , June 20, 1861; *Augusta* , June 19, 1861; *Falmouth* , August 2, 1861; *Triton* , July 12, 1861; *Augusta* , November 11, 1861. The *Augusta* had been released and reseized (*Senate Executive Document No. 53* , May 29, 1862).

[22] Captain Nathaniel Gordon of the *Erie* , convicted November 30, 1861, and hanged

February 21, 1862. See Stay of Execution, February 4, 1862, *infra* .

[23] See Lincoln's Message of December 20, *infra* .

[24] Lincoln probably had the Chiriqui project in mind (see Lincoln to Caleb B. Smith, October 23 and 24, *supra* ). Smith's ``Report on the Transportation, Settlement, and Colonization of Persons of the African Race," May 9, 1862, may be found in Thirty-ninth Congress, First Session, *Senate Executive Document No. 55*.

[25] The Act of July 13, 1861, had provided that if the duties could not be collected in any district the president was empowered to close such ports and give notice by proclamation.