rency, first upon faith in the promise of ultimate payment, and secondly because of the legal tender function given them, and for the further reason that the note would purchase a bond, payable at a stated time, principal and interest, in money. The soldier who received the note had the promise of government that it should be paid in coin; the person who held the bond having such promise and no more, the government having made no distinction between the note holder and the bondholder, the person holding either until government could pay, received money for his paper. There can then be no valid objection raised to the "exception" clause in the legal tender act, save upon the ground that the notes were not issued as promises to pay money, but were issued as "real money," with but the fiat of government declaring the paper of itself, money. This character was never contemplated and never given in the issuance of the legal tender currency.

You refer to the credit strengthening act, a measure growing out of a proposition which met with considerable favor in 1868, that the government should issue legal tender notes in volume sufficient to pay its bonds. The effect of the agitation was damaging to the national credit at a time when our obligations were maturing, hence, upon the meeting of Congress following the election of that year, a resolution was passed by that body declaring that the government intended paying all its obligations in money, and this was called the "credit strengthening act." The act was but a declaration that the government intended to pay, and not repudiate its debts. This and the exception clause in the legal tenders afford no ground for grievance to the person recognizing the distinction between money and notes, and having a due appreciation of the attitude of the government during the war, as a purchaser upon credit, and as a debtor pledged to final payment of its obligations. To the citizen believing it better to pay than to repudiate, and with a clear understanding of these questions, no defense is required for the financial management of the government by the Republican party from the day it assumed control to the present time. It found the government with an empty treasury, small revenues, without credit and confronted with the greatest civil war of modern times. It devised the best system of revenue ever put in operation and the safest banking system ever established. Built up credit unsurpassed by any nation on the face of the globe, raised the necessary money to equip and pay one of the largest armies of modern times, prosecuted the war to a successful issue, having since made good every pledge of the war period, whether the promise was for payment of money on its bonds, gold for its legal tender notes, or payment of bounties and pensions to its soldiers. The financial record of the Republican party, for brilliancy, patriotism and integrity, is equalled only by the matchless military record of the nation, achieved by its citizen soldiery under guidance of the same party.

Extracts you have made from speeches in Congress at the time of the passage of the legal tender act, refer chiefly to the question, as to whether any legal tender function should be given the notes, rather than to the proposition looking to giving them legal tender function in payment of government bonds, many of the best men of the country having entertained serious doubts about the safety of declaring the notes a tender in payment of any class of debts.

You claim that conditions which have operated against agriculture for several years have resulted largely from legislation, mainly of a financial character. The fallacy of this claim becomes apparent upon intelligent investigation as it shows the causes to be general, world wide in extent, and not of a local nature, as agriculture in other countries has had more serious obstacals with which to contend, than those with which American agriculture has been confronted. Within the last twenty years the American farmer has been brought into sharper competition than ever before, with the world's labor engaged in agriculture, it having been within that period that staple food supplies from all productive regions, have reached the market in which the surplus products from this country are sold, Indian and Russian wheat supplies and South American meats in large quantities having first entered that market since 1870, these products of the cheapest labor of the world selling in competition with supplies from this country. During this period, European governments containing a population of almost two hundred millions of people, previously using silver as money, discarded that metal and adopted gold as the standard money of those countries, thus increasing the demand upon gold, which, together with decrease in the world's annual product, has tended to enhance its value, resulting in relative decline in value of commodities. Thus we have had the conditions of increasing volume of commodities without corresponding increase of money circulation in the market where our products are priced, value of money like value of commodities being dependent upon supply and demand in the market. Appreciation, therefore, in value of gold, which may have occurred, is due more to growing demands of the world's business from increasing use by European governments, than to appreciation from increased use in this country. For while silver was nominally standard money prior to 1873, it was but nominally so, revenues having been collected and public dues, including pay to the army that year, having been paid in gold, very little silver having been used, the entire coinage of silver dollars between 1853 and 1873 with no restriction on coinage, having been less than six millions of dollars. Bank reserves were held largely in gold, while balances between this and other countries were settled in the same kind of money, so that commerce and usage, prior to any legal enactment in favor of gold, had selected that metal as its money, having virtually discarded silver before any statutory recognition of the fact. That the supply of world's money is becoming inadequate for the world's business, seems to be a fact, and to this fact is due shrinkage in price of commodities in so far as money circulation has an effect upon values. The remedy for this lies in an enlargement of circulation of the world's money, a cheapening of gold as such money, which to prove effective requires the action of more than a single nation. The paper currency of this country would no more affect general prices by cheapening gold in the world's markets, than would the warrants of Shawnee county issued in volume sufficient, and by general agreement of the people of that county used as currency, affect the general currency circulation of the country, or cheapen money by increasing the flow to financial centers of the nation. Should the volume of legal tender notes, or national bank circulation be doubled, remaining redeemable dollar for dollar in gold, such increase would have no affect upon prices. Fluctuation between relative value of any commodity and of gold implies change of relative volume of the two in the market where the commodity is sold, decline in price of the commodity indicating increase in volume of such commodity relatively to demand or decrease in gold relatively to demand in that market. To remedy this condition is not within the power of any one country, as no country could do more than to return its gold reserves to the channels of circulation, which would result but in the cheapening of domestic paper currency from an abandonment of the gold standard. The danger of such experiment would be that gold at a premium, as it necessarily would be, would be held as a commodity for speculation, thus preventing its flow to and enlargement of the volume of money and cheapening of gold in European markets.

The first and most important lesson to be learned in economics is the fact that this country is but a part of the world neighborhood, a fraction of the general commercial domain within which there is one market, one money and one price for staples, varied only by cost of transportation from place of production to the central market, that this general system, not due to legislation, has superceded former conditions, when local prices prevailed, determined by local supply and demand and the volume of domestic currency. This condition is the result of the growth of civilization, due chiefly to the use of steam and electricity, which has brought all productive sections, every wheat field and every piece of grazing land of the globe, within speaking distance of the great centers. That commerce without legislative aid has builded its own government, reared a commercial realm wholly independent of political governments, and having by decree of business' selected gold as the money of its realm, no nation is possessed of the power to change this or to cheapen gold relatively to commodities in any other way, than by returning its gold reserves to the channels of circulation in the world's market. Such action on the part of this government could increase the world's gold circulation, if at all, by but a small percentage, and such increase would be at the cost to this country of a surrender of its use. And any currency legislation which does not propose returning our gold reserve to general circulation in the world's market, could not possibly affect prices, as we cannot advance domestic prices above prices in European markets, so long as the surplus is flowing in that direction, and any change of currency giving such appearance would be a delusion, as it would not be increase in value of commodities, but decrease in value of local currency. Prior to 1879, when the government was approaching resumption, there was an apparent but not a real shrinkage in value of commodities, due to shrinking volume of domestic currency. But since resumption of specie payments no real or imaginary shrinkage in the volume of paper currency has had any effect in causing a decline in values.

The people of this country have not been students of finance and the philosophy of money, a fact observed by the national executive silver committee, whose chairman, A. J. Warner, speaking of demonetization of silver; says: "It appears to be a fact, however humiliating to admit it, that in this country pretty much all knowledge of the literature on the subject of money had been lost. If there was a man in public life in the United States at that time (1873) who had any considerable acquaintance with the literature that arose out of the problems and discussions of suspension and resumption in England, and subsequent measures, leading to the bank act of 1844, he made no exhibition of it. Other questions had absorbed the attention of our people, and then came the war, so that a generation had passed in this country since the money question had been under discussion, and all knowledge of the source of money and the literature on the subject of money had been lost."

Perhaps members of Congress and others, from whom you quote, including Mr. Sherman and even Mr. Stevens, at the time of the passage of the legal tender act and other financial legislation of the war period, in the expression of views contrary to sound finance, were no better informed at that time upon the money question than are those people now who labor under the delusion that prices of commodities are influenced by the volume of domestic currency of this or any other country.

But you ask why was it necessary for the government to convert its notes into bonds? The answer is easy, and is to be found in the fact that the government could not create money, and yet it was obliged to have money, and there were but two ways of obtaining it, namely, taxes and loans. Government, no more than individuals, being able to borrow extensively without paying interest, it having borrowed all it could with safety and a due regard for its pledges upon its noninterest legal tender notes, was obliged like other debtors to pay interest or do without money. At the close of the war the government having still no money, found it necessary to replace its 7-30 and other matured interest notes and bonds with longer time bonds, these having been negotiated at lower rates of interest, due to the improving credit of a victorious government. The volume of its legal tender notes at a later date was likewise reduced until the remainder could be paid on demand, the government having thus made good its pledges for payment of all its obligations. The same reason that leads a county to the exchange of its bonds for its warrants issued in excess of ability to pay on demand, led the government to exchange its bonds for its demand and matured notes. And while these notes of government would purchase its bonds, the government could no more, with fairness require the bondholder to accept government notes in exchange for its bonds than could a county upon the maturity of its bonds claim the privilege of exchanging its warrants in payment of such bonds, as such process would be an indefinite exchange of one class of notes for another, without ever paying the debt, whether practiced by governments, states, counties or individuals.

The financial legislation of which you complain was but the work of government in systematizing the great debt growing out of the war. National life and human freedom had not been measured against dollars and cents by the people of this country. The credit of the nation had been strained apparantly to its utmost, but with the majority of people there was no faltering in the proposition that every dollar should be paid according to the spirit and letter of the contract. And whatever conditions may attain at this time, they cannot be chargeable to financial legislation of the Republican party. And not being due to legislation, but conditions of world partnership, it is impossible to legislate ourselves out, as we cannot cut short our partnership with the world and with the world's system. And yet after a survey of the great struggle and the achievements of financial legislation in the face of the