

# THE PEOPLE'S PILOT.

FOR THE FREE AND UNLIMITED COINAGE OF SILVER AND GOLD AT THE PARITY RATIO OF SIXTEEN TO ONE WITHOUT REFERENCE TO ANY OTHER NATION ON EARTH.

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## THE BOND AND THE DOLLAR.

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### PART I. GENESIS AND EVOLUTION OF A MONSTER

War preys on two things—life and property; but he preys with a partial appetite. Feasting on life, he licks his jaws and says, "More by your leave!" Devouring property, he says, between grin and glut, "This is so good that it ought to be paid for!" Into the vacuum of the wasted life rush the moaning winds of grief and desolation; into the vacuum of the wasted property rushes the goblin of debt. The wasted life is transformed at length into a reminiscent glory; the wasted property becomes a hideous nightmare. The heroes fallen rise from their bloody ceremonials into everlasting fame; the property destroyed rises from the red and flame-swept field as a spectral vampire, sucking the still warm blood of the heroic dead and of their post-humous babes to the tenth generation!

The name vampire is bond.

On the 1st of March, 1866, the national debt of the United States entailed by the Civil War reached the appalling maximum of nearly three thousand millions of dollars. The American people were inexperienced in such business. They had never known the incubus before. For a long time the public debt of the nation had been so small as to be disregarded. Now all of a sudden, with the terrible exigencies of the war, the debt expanded and settled over the landscape like a cloud from Vesuvius, darkening from shore to shore.

So far as the people and the government were concerned, it was an honest debt. The method and intent of Lincoln and the great men around him in 1862-63 were as sincere and just as they were humane and patriotic. As for the American people, they were always honest. The nation was in deadly peril, and must be rescued at whatever cost. The war was a devouring demon.

With the explosion of every shell, the product of a hundred toiling hands was instantly vaporized; for the bomb is not filled, as many suppose, with powder and iron and death, but with the potatoes and milk and biscuit of mankind. At intervals the expenditures was more than a million, and sometimes more than two millions of dollars a day. The government had nothing of its own, did not venture to take anything as its own, and must therefore support itself by loans or perish. Conforming to the method of the age, the nation borrowed from the accumulations of the rich, and gave them therefor its promises to pay.

The promises to pay got themselves into a bond.

It is the order of modern society that he who has may lend to him who has not, and receive his own with usury. This principle was adopted by the American republic in the days of trial. The means necessary for the prosecution of the war were not taken—as the life was taken—but were borrowed. The quadrennium was an epoch of prodigious borrowing. A great part of the lending was patriotic; but much of it, even at the first, was interested, and was mixed with contrivance and ulterior designs.

The currency that had to be provided to meet the startling emergency that had overtaken the American people was, in the nature of the case, made to a legal tender in the payment of debts. The government must needs have such money. All metallic money—as is its invariable habit under such circumstances—slunk away and hid itself in dark coffers, mostly beyond the sea. What did gold care for liberty, for the waste of human life, for the republic, for the Union made sacred by the sacrifices and blood of our fathers?

It was intended by those who first contrived the legal-tender currency that it should be absolute money in the payment of all debts of whatever kind. The Supreme Court of the United States has since decided by a voice of eight to one that Congress possessed—and possesses—the right and power to make such a money, whether in war or in peace. The validity of the Legal-tender Act is now as much a part of the constitutional history of the United States as is the abolition of African slavery.

But they who were skilful in watching their own interests, even in the throes of our national break-up and impending catastrophe, adroitly contrived that the national currency should have an exception in it in favor of those who should lend their means to the government. They who should make such loan should receive therefor a bond; and the interest on the bond—as also the duties on imports of foreign goods—was exempt from the legal tender of paper and reserved for coin.

Thus came the bonded debt of the United States. The debt grew with the progress of the war, until it seemed to approach infinity. The nation swayed and struggled through the bloody sea, and came at last to the shore. The process of debt-making had acquired so great momentum that it was difficult to get it checked and reversed.

In the early summer of 1865 the soldiers of the Union army were mustered out and remanded to their homes. By August the work was done; the Grand Army was no more; but such was the confusion that for fully six months longer the expenditure rolled on without abatement.

The great question which confronted the nation at the beginning of 1866 was the management of the debt. There were bonds galore; a seven-thirty series of two hundred and fifty millions, by Act of July 17, 1861; then five hundred and fifteen millions of five-twentieths, by Act of February 25, 1862, becoming more than twelve hundred million by subsequent issues; then ten-twentieths in several series—7.3 per cents, 6 per cents, 5 per cents, 4.5 per cents, 4 per cents; plain bonds, at first, and coin bonds finally—short loans and long loans and longer loans, but always becoming longer, until a measure of calm ensued, and the nation found opportunity to take account of its losses and consider the question of payment.

If the governments had the same care for the life of the people as for the property of those who possess property, then national debts would not be made, or at least not perpetuated, by the event of war. It had been an act of infinite mercy on the part of the government of the United States in that day to take directly whatever was necessary—as it did take whatever men were necessary—for the suppression of the Rebellion. That course would have ended it. Had that almost unprecedented policy been temporarily and successfully pursued, the cost of the war would hardly have been one-fifth of what it has become; the bond would never have existed; the wealth of the people would not have been concentrated in the hands of the few; the present harrowing and dangerous conditions of American life would not have supervened, and the victorious defence of the Union would long ere this have become a glorious and unclouded reminiscence.\*

Strange it is, however, that our vaunted and vaunting civilization, even to the present day, prefers property to man. It exalts the one and tramples on the other. In this particular we have been even as the rest. Judging by the facts there is no government on earth to which its mules are not dearer than its men! Strange, too, that whoever appeals on behalf of the man as against the mule and urges the protection of the one at the expense of the other is held to be an enemy of society! Property in this particular having no conscience, or only the conscience of being always in the wrong, fortifies itself with every casuistical and fallacious argument known to the category of self-interest, and puts down both the man and his advocates. The "sacred rights of property," meaning the right of something that belongs to life to seize that life by the throat and strangle it, are promulgated and upheld with constitution and statute and bayonet; while the "rights of man," so much in vogue in the great epoch of regeneration at the close of the eighteenth century, are, at the close of the nineteenth, positively under the ban in every civilized state of the world. According to the piutocratic lexicons of at least two continents, the "rights of man" have come to signify merely—anarchy.

Our staggering nation arose and stood. The horizon cleared. The government of the republic was preserved for posterity. It found itself, however, in the grip of a python, from which, after thirty years of writhing, it is less able to free itself than ever before since the close of the conflict. In the course of the war and just afterwards it was discerned by those who held the national debt, as it had been discerned by some of them from the beginning, that it was a good thing for the possessors. At great interest had been created by the battle of the national Union for its life—the interest of the bond.

It were vain to conjecture how many sincere patriots found themselves possessors of the interest-bearing obligations of the nation. For all such there is no animadversion, but rather praise. It were equally vain to conjecture how many held those obligations simply for the profit and advantage and power that were in them and with no concern about the welfare of the government or of the people of the United States; but the latter class, whether many or few, increased, and the former class decreased, until the fundholding interest was consolidated in the hands of a party having its bifurcations in New York and London.

The party of the bond became skilful and adroit. It began immediately to fortify itself. It took advantage of the inexperience of the American people and of their legislators. It

profited by the mistakes and misplaced confidence of both. They who held the bonds were wise by ages of training in the Old World and the New. They understood the situation perfectly, and adopted as their method a policy embracing two intentions: First, to perpetuate the bond and make it everlasting by the postponement and

and prevention of payment; Second, to increase the value of the currency in which all payments were to be made; that is to increase the value of the units of such payments as the payments should become due, so that whatever might be the efforts of the people to discharge the debt it should increase in value as rapidly as they could reduce it! And the honest people, abused to the soul by the politician and by Shylock, knew not that it was so.

For thirty years this game has been persistently, skilfully, and successfully carried out. It has been a play worthy of the greatest gamesters that ever lived! We do not call to mind any other such stake among the nations as that placed upon the issue; and the bondholders have won on every deal. They have succeeded on both counts of their policy. They have turned over the debt into new forms of bond, and these again into newer, under the name of refunding, persuading the people that the process was wise and useful, and cajoling them with the belief that the rate of interest was each time reduced for the benefit of the nation. It was done "in the interest of the people!" We, the holders of the bond, being patriot, labor only for the interest of the people!

It is true that each act of refunding and transforming the national debt has lowered somewhat the nominal rate of interest; but at the same time it has lengthened the period of payment. At the beginning of the date of payment was at the option of the government. Then it was at five years from the making of the bond; then it was at ten years; then at twenty years; then at thirty years. Now the period of possible payment has been extended until the second decade of the next century cannot witness the end of the game. If the treasury should have today, or in the year 1900, a surplus of six billions of gold the government could not call and cancel its bonds. They were not made to be called and cancelled, but to be refunded and perpetuated.

Besides, the reduction of interest has been a reduction only in name. In no case has the reduction been made until the value of the dollar of the payment has been so enlarged as more than to balance the reduction. The same thing is true of the payment of principal as well as the payment of coupon. For thirty years the American people have been pouring into that horrid mealstrom the volume of their great resources. They have paid on their debt, or at least they have paid, in this long period such a prodigious sum that arithmetic can hardly express it. The imagination cannot embrace it. And yet it is the truth of the living God that in the year 1895, at its close, the national debt of the United States, in its bonded and unbonded forms, will purchase as its equivalent in value as much of the average of twenty-five of the leading commodities of the American market, including real estate and labor, as the same debt would purchase at its maximum on the 1st of March, 1866! The people have paid and paid for thirty years, and at the end have paid just this—NOTHING!†

Let all men know it. Let the world know it. Let the common man ponder this appalling statement of an undeniable truth. Let our national authorities know it. Let the leaders of every political party have it shouted in their ears. Let every administration that has power from the first of Grant to the last of Cleveland be told in trumpet voice that the publications put forth from month to month as statements from the treasury about the reduction of the national debt by the payment of three millions or seven millions or ten millions have been essentially and utterly false. True it is that the debt has been nominally reduced according to the publications; but it has never been so reduced until by the contrivance of those who possess it, the purchasing power of the currency in which the debt was to be paid has been augmented fully as much as the equivalent of the payment!

Thus from month to month and from year to year the astounding process has gone on. And thus from year to year the judgment of the American people has been abused with the iteration and belief that they were paying their debt, when in truth all the multiplied millions on millions and billions which they have paid have been simply contributed to the fundholding class whose claim after a lifetime is worth as much as it was at the beginning! The resources of a great people have been poured like a roaring river into a sinkhole that has swallowed all; and the golden streams of the contribution have issued silently through a thousand unseen spouts into the private reservoirs of the holders of the debt.

The policy of the fundholding interest has thus simplified itself into (1) the indefinite extension of the bond, and (2) the manipulation of the dollar. To the extent that the first part of this policy has prevailed, the United States has been remanded to the same category with the nations of Western Europe, having their perpetual

bonded debts. To the extent that the second part of the policy has prevailed, the people of the United States have been continuously robbed of their resources for nearly the full period of a human life. In the meantime the people have been familiarized with the proposition—put forth timidly at first—that a national debt is a national blessing. It furnished the cement—so runs the patriot song—whereby the moneyed classes are bound in devotion to the government and become a part of it, as in England; thus the government is made strong and enduring!

Meanwhile the various refundings have been celebrated in political paean as marvels of finance. By the organs of the party in power one-half of the people have been led to believe that the national honor is preserved, the national faith made good, and great economy manifested in those manipulations of the bonds by which, series after series, the longer have been substituted for the shorter. The other half of the people, who would have discovered the bottom intent in the process and thwarted the scheme at the next election, have been prevented from doing so by the fact that their organs and leaders have had a common interest with them of the dominant faction. Several secretaries of treasury have been made into great financiers by becoming the willing clerks of the fundholding class in those delicate and beautiful processes by which the national debt is to be made everlasting with the accompaniment of popular applause.

But the extension of the bonded debt and the hope of its eternal life were not the principal concern of those who obtained possession of it. Their imaginations were not indeed much dazzled with the prospect of having the bond merely perpetuated; because men who are engaged in such schemes rarely look beyond the limits of their own lives. It sufficed, therefore, that the bonded debt should be lifelong, with the hope of another avatar. That secured, the undivided energy of those who secured it might be directed to the manipulation of the dollar; and it is safe to assert that the skill developed in this part of the bondholding policy has never been elsewhere shown by men. The complete history of the processes by which, with contraction and substitution, the dollar to be employed as the standard of payment in the discharge of the private and public debts of the people of the United States has been gradually and adroitly lifted from one valuation to another, until within thirty years (1865-1895) its purchasing power has been increased to the ratio of more than three to one, could never be written or recited. It surpasses human credulity. It goes beyond the average range of mortal invention and fixes itself in the category of the devilish!‡

For a long time the subtle work of extending and transforming the bond and at the same time of raising the value of the dollar of payment was so easily and noiselessly effected that the people did not awake to the realization of the thing done until it was *fait accompli*. The class in whose interest the various changes have been made have been enabled to coddle some, to hoodwink others, to corrupt many, and to terrorize a multitude. We have seen those who have been aroused to the pitch of denouncing and exposing the giant fraud of the century turn about and decry as repudiators, enemies of the national credit, and disturbers of "the business interests" of the nation, the true friends of public honesty and good faith among men. At least two secretaries of the treasury have exhibited to mankind that species of tergiversation which in the administration of a high office can hardly be distinguished from treason to the human race!

Let us for a moment trace the principal changes that have been effected in the dollar of account and payment under the dictation and management of the money power, and with the cheerful acquiescence of several conniving administrations.

In the first place, the great body of the bonded debt of the nation was purchased in the time of the war with the legal-tender paper money to which the government had been obliged to resort. There has been no other traitor to the American Union and to the liberties of the people comparable in his perfidy with gold. Specie fled like a coward before the first blast of battle.§

It is literally true that the great Rebellion was suppressed and the Union upheld by the expedient of a non-interest bearing paper currency devised in the presence of the overwhelming exigency of war and dismemberment.\*\* The precious metals dived out of sight. The world knows the story. The United States went upon a basis of paper. For four years of war and fourteen years of peace, the finances of the nation and of the people in their private capacities were conducted on a legal-tender of paper. Metallic money and the money metals rose rapidly in value, or at least in price. Now gold was at a premium of 30 per cent; now 50 per cent; now 100 per cent; and finally 185 per cent above par. Gold and silver money became a tradition and a